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Top Brands Consumer Survey — Page 25

Discount Store News®

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SECOND CLASS

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CALDOR
Sportswear
Bed & Bath

Caldor president Marc Balmuth (center), with chairman Don Clarke (left) and senior vp, gmm, home lines Steve Fishman, at discounter's Store of the '90s: 'Opening the store up gives us better merchandise presentation, and better capacity as well.'

Caldor Launches Store for the '90s

By Pete Hisey

BRISTOL, Pa. — Caldor premiered its store for the '90s here in early October, the first of eight set to debut this fall. The new prototype is, at 113,000 sq. ft., much larger than existing Caldor stores, which average about 90,000 sq. ft.

Elements of the prototype had been tested at remodeled Caldor stores, but the Bristol location marks the first ground-up, built-to-suit, fully integrated example of the company's new look.

"The aim is to create a store that is more pleasant and easier to shop," said president Marc Balmuth at the opening. "Opening the store up gives us better merchandise presentation, and better capacity as well."

Capacity, due to more efficient fixturing

(Continued on page 60)

Sears Divests

Retailer to Raise $3B to Pay Debt, Strengthen Retail; Impact Uncertain

CHICAGO — Sears plans to return to its roots by divesting most of its non-retailing divisions and focus on its merchandising operations, but the long-term impact of the move on its retailing business is uncertain.

Sears expects the divestments to raise more than $3 billion that will be used to reduce its debt, a move that "will also strengthen and increase the flexibility of Sears' retail business as the company focused on continued improvements in its merchandising group."

The Sears announcement didn't address the specific impact of its move—adopted at a special board meeting Sept. 28—on its retailing operations nor did a spokesman state whether Arthur Martinez was aware of the company's planned action prior to his hiring Aug. 10 as the Merchandising Group's chairman and chief executive officer.

Sears received a high grade for going outside the company in hiring Martinez. It was seen

(Continued on page 60)

37 Brands Earn 'Power' Ranking

NEW YORK — Thirty-seven brands this year have been identified as "Power Brands," three more than in last year's inaugural exclusive research conducted by Leo J. Shapiro & Associates for *Discount Store News*.

Power Brands are drawn from 22 merchandise categories studied in *DSN's* Top Brands Retail and Consumer Surveys. They represent brand names that achieved the combination of high recognition by discount store retailers for their performance and high acceptance by discount store consumers as brands they prefer to buy.

Power Brands are among

(Continued on page 60)

PB POWER BRANDS

Power Brands of Discount Retailing

Brand	PBI[2]
Cannon	553
Kodak[1]	484
Coke	361
Stanley	330
Black & Decker	320
Pepsi	319
Rubbermaid	314
Mead	308
Corning/Corelle/Visions	306
Tide	281

[1] Kodak is a power brand in three separate categories: Film, Photo, Camera and Blank Videocassettes

[2] Power Brands Index

Source: DSN/Leo J. Shapiro & Assoc.

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MS JEANNE LONG
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4520 EAST-WEST HIGHWAY
BETHESDA MD 20814

Price Club Wavers on Membership Rules

By R. Michelle Breyer
Special to DSN

ALBUQUERQUE, N.M. — Price Club, the pioneer of the warehouse club industry, recently has been forced to find a new way to compete with other club chains that have eroded its market share.

Price Club, which has long prided itself on the exclusivity of its membership, has waived its membership requirements in certain markets in such states as California and New Mexico where competition is heating up.

Here in Albuquerque, the San Diego-based company sent out a slick brochure at the end of September to a large number of residents, inviting them to become Gold Star members without the usual requirements. The application was good through Oct. 15.

The mailing outlined the products and services offered by Price Club and included testimonials from members.

"It is a membership drive," said Karen Konecky, vice president of marketing for Price Co. "We've waived the

(Continued on page 59)

Kmart Opens Quick Lube Bays in 53 Stores

TROY, Mich. — After closing hundreds of auto service centers over the past several years, Kmart is re-emphasizing auto service by jumping into the quick lube fray.

On Oct. 1, it opened 53 Quick Lube Express bays in Detroit and Grand Rapids, Mich., and Upper Ohio stores that operate auto service centers. By next spring, Kmart is shooting for a total of 750 Quick Lube Express bays, promising 15-minute service for lube, oil change, filter and 18-point check of such items as brake and antifreeze fluids.

For the Quick Lube Express, Kmart has dedicated one of six service bays in each store exclusively to quick lube service. Stores such as Southfield, Mich., just completed a two-week training session for those who will work in quick lube.

To kick off the operation, Kmart is offering an introductory price of $13.97 for the service, including Texaco's Havoline 3 motor oil, in bulk, and a Purolator filter. That is $5 less than what will be the everyday price, $18.97. Texaco is the exclusive supplier of bulk oil and grease for all Kmart centers, and a banner over each bay promotes the Texaco brand name.

If customers wish to choose another brand of canned oil, the price is $3 more, or $16.97, on an introductory basis and $21.97 every day.

By comparison, Jiffy Lube in the New Jersey market recently cut its price to $25.99 from $29.99. The Wal-Mart HyperMart USA in Arlington, Texas, charges $17.88 for Pennzoil bulk oil and a Fram filter and $19.88 if customers chose a brand of canned oil.

The average price around the nation for a quick lube using bulk oil is $21 to $22, said Larry Northup, executive director of the Convenient Automotive Services Institute, Baltimore. The institute represents 2,600 of the nation's 4,500 quick lube shops operating in chains such as Jiffy Lube, Minit Lube, owned by Quaker State, and Valvoline's Instant Oil Change.

Including service stations car dealerships and other repair shops that have added quick lube to their offerings, the nation now has 9,000 to 10,000 quick lube outlets, Northup estimated.

The quick lube field has become saturated in some markets, Northup said, and Kmart's entry means more competition for shops that offer only quick lube.

Kmart's move into quick lube indicates a recommitment to auto service, said Ed Kaufman, a marketing consultant to the automotive aftermarket. Second only to gasoline sales, "quick lube is a way to build traffic and identity," Kaufman said.

"It's a way a chain can differentiate itself by the way it advertises quick lube and the services it offers," Kaufman said. "Everybody is going after it."

As Kmart remodels existing stores and opens new units, it continues to whittle down the number of stores that offer auto service. As of Oct. 1, the number of centers stood at 975, or 40.6%, of 2,401 units. That contrasts with a 1980s high of about 1,600 service centers when the chain operated less than 2,000 stores.

Kmart is having second thoughts, though, about closing some of those service centers and is considering re-installing them in some locations, a spokeswoman said.

And here and there a select number of new stores will feature auto service, including the new flagship Auburn Hills, Mich., store, which opens Nov. 19.

Under chairman Joe Antonini, who came from the apparel side of the business, Kmart began de-emphasizing auto service by forcing each center to justify its existence by showing that its return on investment could compete with other merchandise categories. Kmart closed the centers that couldn't and switched their space to other uses.

In addition to the investment of at least $250,000 per center for the usual car service equipment, including hoists, wheel balancers and grease guns, environmental requirements are increasing the outlays for equipment to recycle Freon air conditioner gas and antifreeze.

Hiring, training and retaining qualified mechanics adds to the complexity of auto service operations.

Sportmart Raises $45M in Offering

Becomes 3rd Sports Chain to Go Public in '92

By Richard Halverson

NILES, Ill. — Head-to-head competition among sporting goods category killer stores promises to become more common now that the third chain this year, Sportmart, has gone public.

Earlier this month, Sportmart sold 3 million shares, or approximately a 30% stake, at $15 a share, raising $45 million, less brokers commissions. It retains a 70% controlling interest.

With 25 stores, Sportmart followed on the heels of the 20-store chain, Sports & Recreation, Tampa, Fla., which went public in August, and Atlanta-based SportsTown, 14 stores, which went public this spring.

The family of co-founder, president and ceo Larry Hochberg, will take the lion's share of the net proceeds, $20.8 million, as unpaid profits accrued since Hochberg and Sanford Cantor co-founded Sportmart in 1970. Hochberg and his family owned 89% of the stock outstanding prior to the IPO. Sportmart will use $13.5 million more to pay off its bank line of credit, freeing working capital for expansion, according to the IPO registration statement filed with the Securities and Exchange Commission.

Sportmart plans to open five new stores this year, compared to one last year, including three in a new market, the San Francisco Bay Area, and one each in its primary markets, Chicago and Los Angeles.

Sportmart now operates 13 units in Chicago, 11 in Los Angeles and one in San Diego.

In 1993, it plans to open eight to 10 more, including units in another Northern California market, Sacramento, and the new market of Minneapolis.

Sportmart stores range from 40,000 sq. ft to 42,500 sq. ft and stock 125,000 skus. Selling floor accounts for 85% of the footage and warehouse 15%.

In 1991, hard goods accounted for 51.2% of sales, sporting apparel, 27% and athletic shoes, 21.4%.

Unlike other category killer sporting goods chains such as SportsTown and Sports Authority, Sportmart prefers the finished retail look over a warehouse style ambience.

At a cost of $2.3 million, Sportmart has remodeled nine of its stores to prototype since 1989 and has budgeted $800,000 to remodel three more in '92.

In addition to its 25 megastores, Sportmart is testing two No Contest apparel and footwear specialty stores of 11,000 sq. ft. and 15,000 sq. ft. in the St. Louis market.

Defying last year's recession, Sportmart's sales rose 28.8% last year to $216 million from $187.2 million in 1990. Comp store sales gained 13.1%. Operating profits soared 70.9% to $10.8 million in 1991 from $6.3 million the prior year.

For the first half of 1992, sales ran 18.8% ahead of 1991, 8.6% for comp sales.

Gross profit margins improved to 26.5% in 1991 from 26.1% in 1990. For the first six months of 1992, gross margins crept up to 26.6%.

Operating expenses have shown a steady decline from 18.9% in 1989; 18.8% in '90; 17.5% in '91 and 16.7% for the first half of '92.

Operating profit margins rose last year to 5% from 3.4% in 1990 and improved to 6.1% for this year's first six months.

Sportmart buys most of its goods direct, including Nike, even though it follows an everyday low price policy.

To support its planned expansion into Minneapolis, Sportmart opened a new 91,000-sq-ft. distribution center this year in the Chicago area. To support its thrust into Northern California, it

(Continued on page 57)

***Sportmart's move to go public** highlights the growing competition among sporting goods superstore chains.* (DSN photo)

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Exhibitors at Exclusively H&BA Target Teens With New Products

By Jill Lettich

DENVER — Health & beauty care marketers at the recent Exclusively H&BA trade show were on a quest for the fountain of youth. Children's toiletries and teen market-specific skin care products and cosmetics were a large part of the new product introductions at the third annual trade event held here.

The show drew from all retail tiers and overall attendance was up 18%, according to show sponsors. Discount store attendance accounted for 17% of the total draw, including 52 different discount store companies and 119 buyers, according to Jay Spaulding, chief executive of Exclusively H&BA.

The remainder of the 700 buyers in attendance came from chain and wholesale drug chains, supermarkets and convenience stores. In addition, Spaulding reported an increase in attendance from membership warehouse clubs and hypermarket concepts, though these figures were not reported separately.

While the range of products displayed was extensive, an emphasis on youth was evident. For instance, Proctor & Gamble is marketing its new Cover Girl Clean Skin Care line to a target market of girls between the ages of 12 and 19. Skin care is a new addition to Cover Girl cosmetics.

Likewise, Johnson & Johnson's repackaged Clean & Clear line of products is aimed at a similar young age group (12 to 17) and is using MTV and other youth oriented shows as an advertising vehicle.

The emphasis on skin care overall has turned the beauty care business into an industry dependent upon formulas and performance criteria. Joe Lamia, vp, sales, Revlon, noted that the company has always been known as a "color company," but that it is moving into the "high-tech" arena with a performance mascara introduction on the horizon. Last year, the company introduced hair care products and skin care is on the drawing board. With Cindy Crawford as a spokesperson, Revlon attracts customers from young teens to older adult females.

In the hair care category, White Rain, has been redirected to appeal to a younger audience. New packaging and new product fragrances (White Rain Essentials Strawberry is a leader) are designed to appeal to the 12- to 19-year-old age bracket.

In addition to the larger cosmetic and beauty companies making inroads with teens, others are marketing specific products to that market. Wellington Laboratories, is marketing T'rific, a line of skin care for teenage girls.

In addition, Caboodles, Sassaby and Pretty Neat (a division of Goody Products) cite teens as the largest consumer group for their various cosmetic organizers.

(Continued on page 59)

NHMA Shift Starts With Technology Info Program

By Arthur Markowitz

CHICAGO — The National Housewares Manufacturers Association has begun an information and education program on technology for members as part of its transformation into a service organization.

Thomas P. Conley, NHMA's executive director and chief operating officer, said the association's goal is to become the voice for manufacturers on technology issues and encourage members' use of available technology.

NHMA's endeavors include:

- Holding technology workshops, with the initial one, "EDI, Key To Your Company Survival" held in Chicago last month. Technology will be the subject of at least two meetings in 1993.
- Conducting surveys on manufacturer usage of technology to see how the association can assist members and possibly develop group purchases of services.
- Helping to organize an alliance of seven manufacturer trade associations that will be an "umbrella" group to discuss technology issues and cooperate and coordinate efforts on developing standards that can be used by different suppliers.

A meeting was due to be held in Washington at presstime to form the super coalition composed of the NHMA, the American Apparel Manufacturers Association, American Hardware Manufacturers Association, Automotive Parts and Accessories Association, Electronics Industry Association, Sporting Goods Manufacturers Association and Toy Manufacturers of America.

The NHMA's board has approved joining such a group

(Continued on page 59)

Discount Retailers: September 1992 Sales Results

Chain	Total Sales (In $Millions)	Total Sales % Chg. from '91	Comp-Store % Chg. from '91
Wal-Mart[1]	$4,162	28%	12%
Kmart[1]	3,326	13	4
Target	NA	16	6
Sears	3,130	2	5
Costco	528	24	8
TJX Cos.	319	20	NA
Caldor	173	11	8
Bradlees	163	8	9
Best Buy	156	105	34
ShopKo	150	8	6
Venture	143	11	1
Good Guys	120	16	0
Family Dollar	91	26	16
Ross Stores	90	27	13
Dollar General	80	18	11
Jamesway	79	5	6
Value City	79	9	2
Consolidated Stores	66	28	11
Filene's Basement	63	25	4
Mac Frugal's	44	(6)	(6)

[1] Total Corporate Sales

( )—Decline

NA—Not available

Source: Company reports

MARKETWATCH

Jamesway's Fisher Takes Temporary Leave

SECAUCUS, N.J. — Jamesway founder and chairman Herbert Fisher has taken a leave of absence for cancer treatments, leaving president Peter Hollis at the helm of the 121-unit regional chain. Fisher, 70, will continue to serve as a company director. Hollis, former president of Ames, was named president last year after the job had been left vacant for a year following the departure of previous president Arlie Lazarus. Fisher's first venture into retailing was in 1950 when he formed a chain of ladies' specialty shops operating in New England under the trade name of Franklyn Stores. His first discount store, Royal Factory Store, opened in Pittsfield, Mass., in 1957, but both the discount store and the specialty stores were sold in 1960. In 1961 he opened the first Jamesway store with the help of a group of upstate New York businessmen.

Stuarts Emerges From Bankruptcy

FRANKLIN, Mass. — Stuarts Department Stores' plan of reorganization was approved by the Bankruptcy Court in Western Massachusetts Oct. 13. The plan calls for payment to unsecured creditors in three cash payments totaling about 36% of the allowable unsecured claims and provides for the issuance of 80% of the common stock of the reorganized company to unsecured creditors. Joseph Ettore, who had been serving as president and coo, will be chairman and ceo of the reorganized firm and Antone Moreira will be senior vp and cfo. Denis Lemire will continue as senior vp, merchandising, and David Ferguson as senior vp, store operations. Stuarts' new seven-person board of directors includes Ettore, Josh Goldberg, Joseph Stewart, Arnold Wachsberger, former chairman Marc Ostrow, Joseph Latigana and Joseph Hoffman.

F&M Pays Off Debt With Public Offering

WARREN, Mich. — F&M Distributors, a 113-store deep discount household products and health & beauty care chain, has raised $33.5 million through an initial public offering and used the proceeds to pay down debt. The company sold 3.5 million shares for $15 per share, more than an originally projected $12 to $14 per share.

Los Angeles Group Buys Big 5, Bi-Mart

LOS ANGELES — Bi-Mart, Eugene, Ore., and Big 5 Sporting Goods, Los Angeles, have a new owner now that Pacific Enterprises has closed the sale of its remaining retail operations to Leonard Green & Partners, a Los Angeles investor group. Included in the $275 million deal were five chains totaling 910 stores: Bi-Mart, 42 stores; Thrifty Drug, 602; Big 5, 140; MC Sporting Goods, 77; and Gart Bros., 49.

Value City Completes Gee Bee Deal

COLUMBUS, Ohio — Value City has completed the previously announced acquisition of its sister chain, Gee Bee, from their parent, Schottenstein Stores, and floated $50 million in notes to pay for the deal. The money will be used to pay $23 million for the chain of 17 stores, retire the Gee Bee debt assumed and convert all but two to Value City stores. Value City will convert five this month and four more next February. Two will remain Gee Bees, because they compete effectively with Value City in Altoona and Johnstown, Pa.

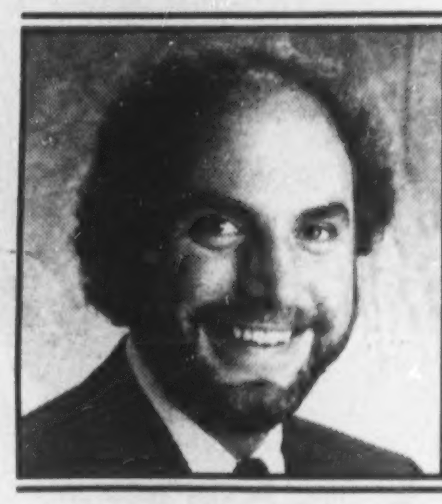
FOR THE RECORD

J.B. Hunt, the Lowell, Ark., company that is the nation's largest truckload shipper and a major hauler for Wal-Mart, has formed a joint venture with Transportacion Maritima Mexicana to distribute to Mexican customers goods that TMM has brought into that country from overseas. Arkansas Best, the nation's fifth largest less-than-truckload hauler, based in Fort Smith, Ark., has formed an intermodal alliance with Votainer International B.V. of Rotterdam, Holland, through which goods can be shipped from the United States to foreign countries for a one-price bill that covers ground and oceanic transportation and overseas off-loading. *DSN* incorrectly reported in its July 15 issue story on Wal-Mart's international expansion that Hunt purchased Votainer and Arkansas Best purchased TMM, and that Arkansas Best does 20% of its business with Wal-Mart. The trucker said that no customer accounts for than 5% of its business.

EDITORIAL

2,000-Plus Reasons to Be Optimistic

There's a plethora of new store openings this fall, capping a year that surprisingly can be called one of significant growth for the nation's discount retailers. Not only does this expansion reflect the vitality of the discount industry, but it reinforces the impact of discount retailing on the economy. Let's take a closer look at the facts and figures.



TONY LISANTI
Editor

A majority of the top 25 chains (as ranked by *DSN* in its annual State of the Industry report published in July) will open new stores this fall. By January 1993, *DSN* projects that the top 25 chains will have added a combined net total of 568 stores. Only two of these chains will have closed a total of nine stores and three chains will have remained the same size. Kmart alone will open 73 stores this fall.

This scenario doesn't even take into account the hundreds of stores that have been remodeled or the hundreds of stores that will be opened by the smaller upstart chains with sales under $30 million that do not make *DSN*'s Top 175 ranking.

Furthermore, *DSN* estimates that the Top 175 chains will have opened 2,005 stores from January 1992 through January 1993.

I would like to dispel the conventional wisdom that so many industry executives subscribe to that Wal-Mart accounts for 90% of the growth among the discount retailers. During that period, *DSN* estimates that Wal-Mart will have added 160 stores, or surprisingly, only 8% of the total. Believe it or not, there are several other chains that are quietly expanding and doing some innovative things.

The opening of 2,005 stores could conservatively generate as much as $1.4 billion in annual sales and over 100,000 retail jobs. In addition, the opening of 2,005 stores represents tremendous opportunity for sales and jobs for developers and contractors associated with the opening of a new store. These new store openings also offer hundreds of manufacturers the potential for sales growth.

Meanwhile, it's obvious that growth among the nation's department stores will be minimal.

There's no doubt that the 1990s is the decade of discounting.

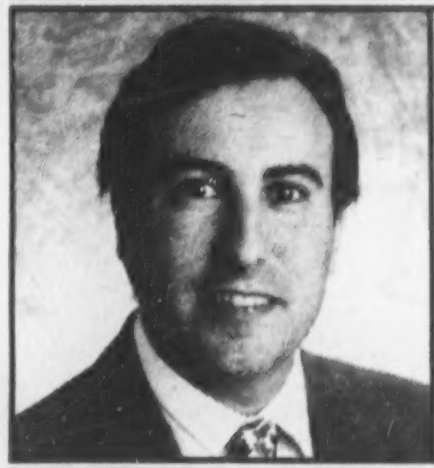
BUYERS & SELLERS

Questionable Observations About Discounting

Questions. Questions. Questions. And a few answers.

Do you get the feeling there's far more to this Phar-Mor story than what's been reported so far?

And speaking of deep discounting, doesn't F&M's recent IPO quash the theory that deep discounting is dead? This superstore chain, which has managed to stay truer to its founding discount precepts than its highly publicized rival, sold $52.5 million of stock at $15 a share this month. That's higher than the $12 to $14 per share price projected in its SEC filing.



DON LONGO
Exec Editor

Are membership warehouse clubs worried about the growth of office supply megastores? You bet. Especially in the commodity paper business where office supply chains like Office Depot and Staples can compete effectively with clubs on price as well as out-assort the clubs due to their expanded skus. Office supply chains are becoming one-stop-shopping outlets for many small businesses, particularly white-collar professional offices.

On the other hand, clubs are gaining even greater market-share in the consumer area as they offer more products and services aimed at their non-business clientele. Think supermarkets and conventional general merchandise retailers aren't worried? Think again. Two-thirds of all warehouse club shoppers said they are spending less at supermarkets now, according to a recent study (see story, page 9). Nearly one in five club shoppers said they are spending less at discount stores.

Another club question: How is Meijer's new warehouse club entry, SourceClub, going to make a profit with its open membership/lower yearly dues policy? Seems to me that with such low margins, much of a membership warehouse club's profit comes from the membership dues it collects.

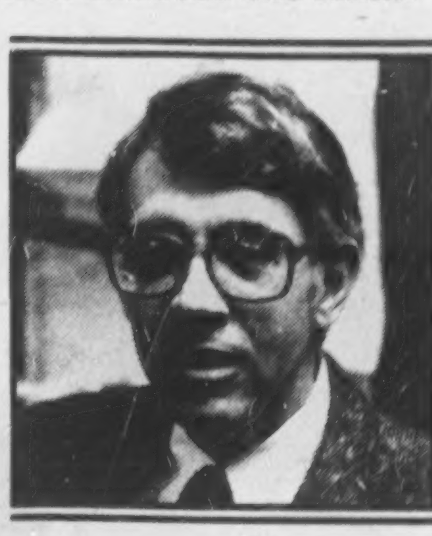
Will consumer spending pick up after the presidential election? Not unless consumers start feeling a little more assurance that their jobs are safe. Lack of job security due to continued downsizing by U.S. companies is keeping a choke chain on consumers' purse strings.

TAKING STOCK

Will Sears' Divestment Be a Pyrrhic Victory?

Sears' plan to divest some of its non-retailing businesses *may* be a major victory for its stockholders, but it could come at Pyrrhic costs to American consumers and perhaps even the nation.

The tentative nature of this observation denotes the financial ambiguity surrounding Sears' move. Two key questions are how much will Sears net from the divestment of the Coldwell Banker real estate subsidiary and the sales of minority stakes in Allstate and the Dean Whitter financial services operation? And will the move provide enough funds—from the sales and from a resulting reduction in company debt—to make any difference to the retailing division, which will again become Sears' core business?



ARTHUR MARKOWITZ
Senior Editor

Skepticism is the best way to describe the early reading on Sears' proposed move—and with good reason. So far, there is no indication that the divestment will produce either the rewards that Sears' shareholders expected (the stock price hasn't soared or even moved up materially) or that there would be any meaningful financial benefits accruing to the retail operation (proceeds of the sale aren't seen as boosting Sears' capital investment or helping to make the chain more competitive).

The optimistic outlook—and I personally think it's imperative that Sears succeed in revitalizing itself and remaining a major force in retailing—is that the divestment will buy more time for Sears to restructure its merchandising business. The move will result in a more focused company and retailing will become Job One and Two and Three . . .

But it's just as likely that the divestment will markedly diminish Sears' overall financial strength, terminate the (underdeveloped) synergism of cross marketing three services—retail, insurance and financial investments—and impair its rebirth. If that happens—even for a short time—it would reduce competition in the marketplace to the detriment of consumers and manufacturers and, in the end, to the nation.

Will the stockholders then really have gained anything?

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312-644-8688
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Los Angeles 606 N. Larchmont Blvd.,
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food merchandising®

FOR NON-FOOD RETAILERS

A special supplement to *Discount Store News* and *Drug Store News*

Fall 1992

Mini
Middle
Page 15

Small Snacks = Big Bucks

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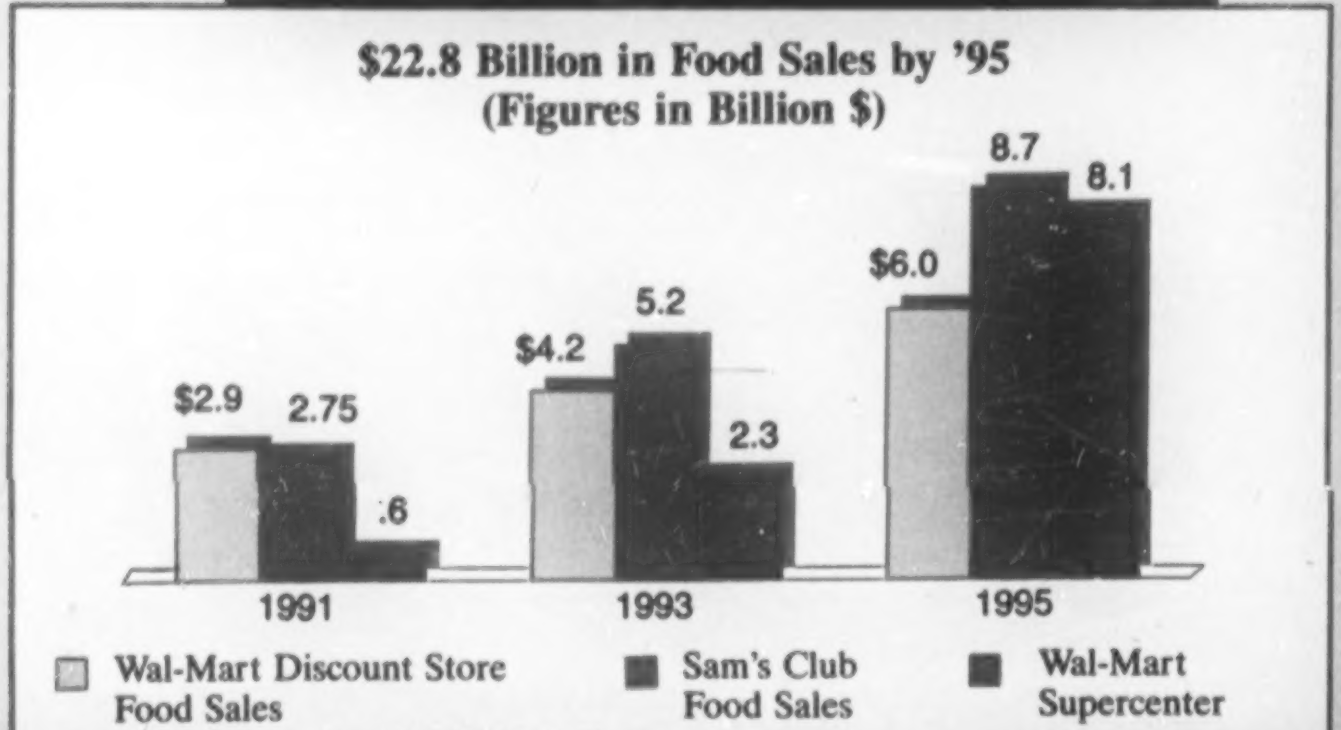
American choice
lightly salted
Sam's choice
KRAFT
Macaroni
MILK C
Hometown

Will Wal-Mart Conquer Food Retailing?

Discount Giant Places Food Merchandising At Top of Its Growth Agenda

Page 6



Source: FM research estimates/projections

Drug Chains Get Assist in Selling Beer

Page 13

Kmart Unveils Classics Line

Kmart's Nature's Classics private label food program is just six months old and already the list of items, as well as the size of the department, is starting to grow.

Coffee, juices and soft drinks will soon be added to the list of nuts, potato and corn chips, salsa, crackers and cookies—including a chocolate chip with 40% real chocolate chips—vs. Sam's Choice's 39% chips.

The premium quality food, priced at low Kmart prices—such as $1.47 for a 16-oz. bag of potato chips and $1.84 for a 12-oz. bag of cookies—is being settled into a 200-sq.-ft. department, twice its previous size.

Nature's Classics was created to appeal to time-pressed families that eat on the run and buy on impulse.

Soft Drink Makers Wage War on Plastic

The soft drink industry is working hard to reduce and recycle the plastic packaging for its products. Coca-Cola and Pepsi have received permission from the Environmental Protection Agency to recycle some PET bottles.

"We've found that something that makes good environmental sense usually makes good business sense," said Gary Gerdemann, spokesman for Pepsi, which now uses 25% post-consumer waste in 2-liter bottles it distributes in some markets.

The 25% PCW is on all Pepsi soda in clear bottles, not the green ones used for Mountain Dew and Slice. "But that will come," said Gerdemann, noting that supply is the issue.

"The plan is to put it nationally when we can, and to make [the recyled content] as high as possible."

Rogers Steps Down as Brach CEO

Lingering health problems forced Peter N. Rogers to step down as chief executive officer of Brach Van Houten Holding Inc. in late August, after two years in that position, during which he led the installation of a new management team.

The Brach U.S. business will continue to be led by its president, Richard D. Condie, while Donna R. Ecton will continue as the president of the Andes business. Both will report to Charles Gebhard, chief executive officer of the worldwide Van Houten group.

Brach competes in three major businesses, its peg line, its Pick-A-Mix bulk program and a growing seasonal business.

"Four years ago, Brach went through some difficult times," said Condie in an interview with *FM* earlier this year. "We're back now and outperforming the marketplace. We're very pleased with how our business is growing and see an opportunity to expand into new products."

New Marketing/Sales Head at Ferrara Pan

Steve McMichael has been named director of sales and marketing for Ferrara Pan Candy Company of Forest Park, Ill.

McMichael will develop marketing and packaging programs while working with brokers and expanding the company's national account sales. He brings 20 years of experience, most recently as vice president of sales for Powell's Candy, Minneapolis.

Clubs a Success at Feeding Fido

Although non-food retailers capture impulse purchases of pet items, they have a long way to go to become more of a primary supplier. Only 19% of consumers surveyed by Leo J. Shapiro & Associates for *FM* said they shopped for pet food through discount store, warehouse club or drug store outlets. The market research consulting firm contacted 454 U.S. heads-of-household by telephone during April.

The warehouse club is the most successful retailer of pet foods of those outlets, with 8% of non-supermarket pet food shoppers saying they buy pet food at clubs. Discount department stores ranked second with 7% of shoppers saying they bought pet food there, and drug stores trail with a mere 4% of pet food purchases.

However, when consumers do buy their pet food through these outlets, they spend heavily, with a median of $70 spent in the past year. This is especially the case in warehouse clubs, where consumers opt for convenient large-sized selections.

Pet Food Purchasing Summary

% of Consumers Who Purchased Pet Food In Past Year at . . .

Warehouse club	7.7%
Discount dept. store	7.1%
Drug store	3.6%

Mean Amount Spent in Past Year by Households Purchasing Pet Food at Warehouse Clubs, Discount Stores and Drug Stores

By Region

Northeast	$192	**Midwest**	$381
South	$103	**West**	$247

Nationally $215

Source: Leo J. Shapiro & Associates/FM

Beer Creates a Brouhaha

Drug Stores Face Special Challenges Selling Brew

While they build sales, new beer launches pressure retailers to decide if they have room to stress smaller, growing brands.

Operators of drug stores are doing a better job of merchandising beer, largely because they're getting more help from beer companies.

With the number of beer brands and types rising, suppliers are helping retailers in innovative ways, from planogramming the department to improved POP materials.

The result: operators are taking sales from supermarkets, increasing customer traffic, and upgrading the merchandising sophistication level.

On the downside, however, are the greater need for store real estate, complex state legislation, high equipment costs and the need to identify what customers want.

"We have a space management program that can provide retailers with an innovative program on how to effectively balance their shelf and cooler space—through a specially computerized design format—to provide the highest return and profitability for their store," said Mark Danner, vp, national account sales, Anheuser-Busch. By merchandising beer, retailers can enhance sales and take advantage of the impulse purchases generated from well-merchandised displays, said Danner.

"The best thing operators can do in merchandising beer or any product is to make sure they're taking full advantage of all the POS material and promotional activities we've developed for our products," said Ron Richards, category manager, Miller Brewing Co. "That's really the key."

Lite
BEER
K&B
COLD
BEER
NOT SOLD
MINORS

Beer sells best from refrigerated cases, like here at K&B, Baton Rouge, La.

Other companies have also worked on merchandising plans. Richard Riggs, Coors' manager of retail development, explained, "Operators need to look at the merchandising that comes from us as an objective source of merchandising. Very often, we have POP programs that are every bit the measure of what the big guys put out."

While research shows that more Americans are interested in beer, it also shows that most of the interest is in foreign beers and new categories such as lite, nonalcoholic and dry. A bevy of new launches such as Zima Clearmalt, Coors Cutter and Colders Light, while bringing new business, has put extra pressure on retailers to decide if an emphasis on the smaller, but growing, brands is needed.

Non-food retailers find beer a challenging category for other reasons. It is illegal to sell in drug and discount stores in many states, and it sells best if refrigerated. Consequently, their approaches vary.

At 23-unit Bill's Drugs in Benicia, Calif., beer merchandising is "totally at random," and left to the discretion of store managers, said Gene Bass, vp of merchandising. Some stores do well; others don't. Bill's typically carries eight to 10 beer brands, positioned in the rear of the store to draw traffic.

Beer is a major contributor to sales at Walgreens, said spokesman Michael Polzin. The chain has emphasized the category in its new prototypes with more cooler space.

Arbor Drug, of Troy, Mich., sees close parking and lots of cash registers as powerful tools for beer sales. Said spokesman Fred Marx, "Our customers are looking to get in and out fast, so convenience is very critical for selling something like beer."

Perry Drugs of Pontiac, Mich., devotes four of its 10 cooler doors to beer, but that may soon increase. Buyer Jim Menzies reported that newer dry and nonalcoholic beers are starting to take off. "I think they are the wave of future," he said. **FM**

Brew Facts

Warren H. Dunn, president and ceo of Miller Brewing Company, was recently named chairman of the Beer Institute, which provides these facts:

No. of brewers: 451

No. of beer wholesalers: 3,600

No. of retailers selling beer: 560,000

Yearly federal excise taxes paid on beer: $3.4 billion **FM**

TOP BRANDS

Part II: Consumer Survey

Brand Preference Rebounds in '92

The most significant news to come out of this year's Top Brands Consumer Survey, conducted by Chicago-based Leo J. Shapiro & Associates for *DSN*, is that consumers, against expectations in this recessionary environment, were more likely to have a brand preference in most of the 19 categories considered than they were last year.

And, they expressed a declining interest in private label goods in 12 of those categories. (Three other categories, film, blank videocassettes, and beverages, were added this year, so there is no comparable data available. However, all three of the new categories scored very high in brand preference, with almost all consumers stating a branded preference in each category.)

This reported indifference to private label goes against retail trends. Warehouse clubs, dollar stores, deep discounters and traditional discounters have all bulked up their private label assortments (some of the fastest growing brand names have to be Sam's American Choice and Equate, two Wal-Mart house brands, Kmart's Nature's Classics, and various soft lines brands like Target's Merona) and have been promoting them vigorously.

Still, Americans are more enamored of brands than ever before, with at least six of 10 consumers having a brand preference in 14 of the 19 historical categories. The three new categories were even more brand dominant, with well over nine of 10 consumers reporting a brand preference in film, blank videocassettes, and beverages.

Only in stationery, domestics, children's apparel, women's apparel and glassware and dishes did the percentage of shoppers naming a preferred brand sink below 50%.

Overall, shoppers were relatively confident of finding the brands they prefer on discount store shelves, but not as confident as in years past. Of the 19 comparable categories, confidence in finding brands rose in only six categories, while it declined in 13. On a scale of 1 to 9, with 9 meaning "sure of finding," 13 of 19 scored 7.0 or better, with most of the rest just under 7.0. At the high end were cosmetics, personal care appliances, household cleaners and H&BC, all with scores of 7.65 or better. At the other end of the spectrum were hardware (the lowest, at 6.28), consumer electronics, and children's apparel.

Preference for private label declined in almost every department compared to last year, and the few gains were marginal. The contrast between earlier years was even more dramatic. For instance, preference in women's apparel held steady at 15% compared to last year; the figure was 35% in 1990. Private label preference in children's apparel dipped to 13% from 20% a year ago; the 1990 percentage was 32%.

(Continued on page 27)

Departments Where Consumers Have a High Degree of Brand Preference

(% of discount store shoppers with a brand preference)

Photo, Camera	99%
Film	99%
Blank Videocassettes	96%
Beverages	96%
Household Cleaners	91%
H&BC	87%
Cosmetics	85%
Food, Candy, Snacks	84%
CE	80%
Automotive	80%

Source: DSN/Leo J. Shapiro & Assoc.

Happy Holidays
IOWA

***Women's apparel** was one of the categories in the survey where the percentage of shoppers naming a preferred brand sank below 50%.*

How We Did It

Welcome to the 1992 Top Brands Survey, conducted by Chicago-based Leo J. Shapiro & Associates for *Discount Store News*. The first part of the survey, which quizzed discount store managers, was published in the Oct. 5, 1992 issue of *DSN*. This section, the consumer survey, was conducted in August of 1992 via telephone interviews with 909 consumers who have shopped at a discount store in the past year.

Consumers were asked where they shopped, what they shopped for, and were then asked to identify their preferred brand in the departments in which they shopped.

They were further asked how confident they were of finding that preferred brand at their local discounter, if they would switch to another brand if their preferred brand was unavailable, and whether they preferred private label goods in that department.

Of those queried, roughly 70% said that they had shopped a Kmart in the past year; a bit under one-half had shopped at Wal-Mart; and nearly four of 10 had shopped at Target. One-third had visited a regional discounter. Of course, many consumers shopped at more than one of the above stores, therefore the total exceeds 100%.

Top Consumer Brands

Automotives	45	Pennzoil Fram Valvoline
Beverages	52	Coke Pepsi 7-Up
Blank Videocassettes	33	Sony Kodak Memorex
Children's Apparel	30	OshKosh Levi's Health-Tex
Consumer Electronics	33	Sony Nintendo Kodak
Cosmetics	29	Revlon Maybelline Cover Girl
Domestics	37	Cannon Fieldcrest WestPoint/Pepperell
Film	40	Kodak Fuji Polaroid
Food, Candy, Snacks	50	Hershey's M&M/Mars Brach's
Glassware, Dishes	34	Libbey Corelle Anchor Hocking
Greeting Cards	47	Hallmark American Greetings ShoeBox
Hardware	45	Stanley Black & Decker General Electric
Health & Beauty Care	49	Colgate Crest Gillette
Household Cleaners	38	Tide Dawn Clorox
Housewares	34	Rubbermaid General Electric Black & Decker
Men's Apparel	30	Levi's Hanes Fruit of the Loom
Personal Care	37	Conair Vidal Sassoon Norelco
Photo, Camera	40	Kodak Canon Minolta
Sporting Goods	43	Spalding Wilson Coleman
Stationery	47	Mead Hallmark Bic
Toys	49	Mattel Fisher-Price Nintendo
Women's Apparel	29	Hanes Gitano L'eggs

Discount store shoppers nationwide named their preferred brands in 22 merchandise categories, in a poll conducted for *Discount Store News* by Leo J. Shapiro & Assoc.

Consumer Brand Preference Rebounds

(Continued from page 25)

The only gainers of more than one percentage point were H&BC, cosmetics, CE and toys, but none topped 10%. By contrast, 14 categories either held steady or declined in percentage of shoppers preferring private label. As mentioned, this goes against reported buying behavior; consumers may be much more cash-poor than in the past and embarrassed to admit it. Also, many consumers may identify strong store brands as branded products, or may have come to consider a store brand that doesn't specifically mention the retailer as an authentic brand name.

Brand preference may be high, but brand loyalty eroded this year, after a rally in 1991. Shoppers were more likely this year to switch to another brand if their preferred brand was not available in 12 of 19 departments. Only in photo and children's apparel were they significantly more likely than a year ago to forgo a purchase if their preferred brand is not available.

In most categories, it seems that brand loyalty, after a surge in 1991, has simply returned to historic levels. Brand loyalty was highest in cosmetics, CE, hardware, and beverages; lowest in stationery, greeting cards, blank videocassettes, and domestics.

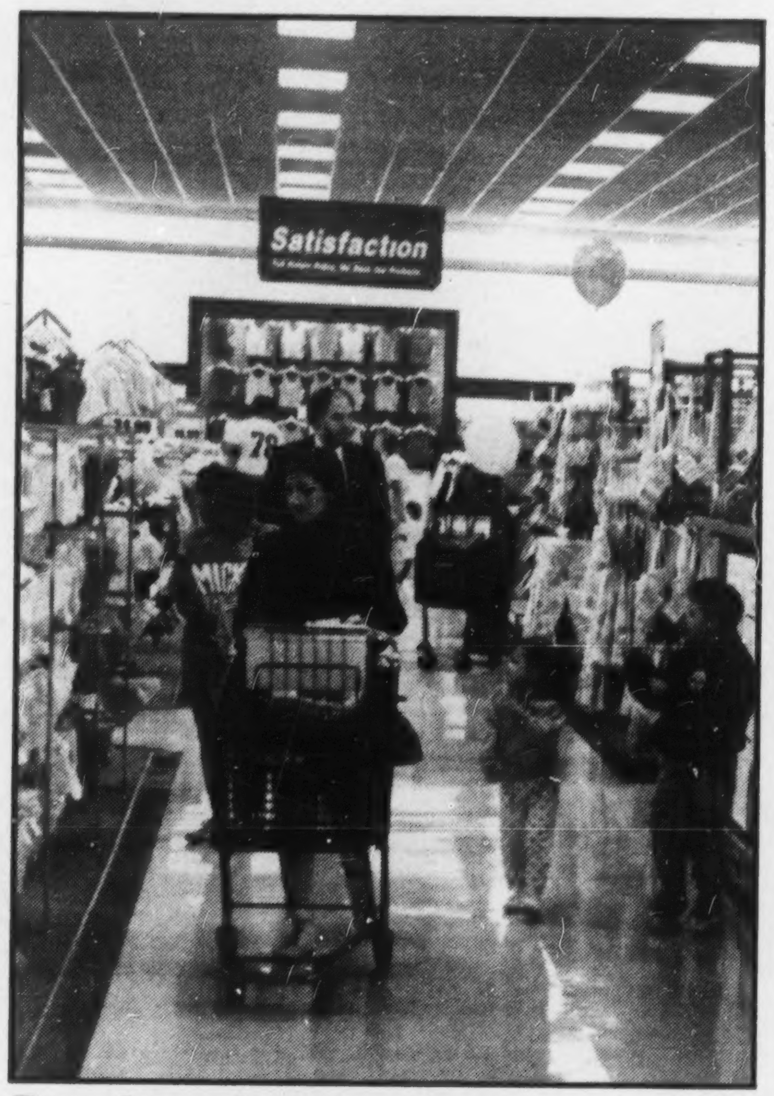
That follows retail experience. In blank video, for instance, there are about eight very strong brands, all with roughly equivalent market share. Retailers tend to jump on two or three at a time, then switch to others on a promotional basis. Consumers tend to view these brands as interchangeable.

Domestics is driven by color and design, and brand name figures very low in the purchase decision, past research has shown. Private label programs have been very successful in this department.

Stationery, as Ames has discovered in its Party Plaza specialty concept, which sells almost all private label goods, has almost no brand presence. Shoppers buy by need, not brand.

And greeting cards sell almost solely on the basis of message and art.

Most of the top gainers reflect either massive advertising (beverages) or overwhelming concern with quality (consumer electronics, cosmetics).



Brand popularity *continues to grow with six of 10 consumers having a brand preference in 14 of the 19 historical categories.*

Departments Where Consumers Express Low Preference for Private Label

(% of shoppers expressing a preference for private label)

Film	1%
Greeting Cards	1%
Personal Care Appliances	2%
Glassware and Dishes	3%
Toys	3%
CE	3%
Household Cleaners	3%
Stationery	3%
Sporting Goods	4%
Food, Candy, Snacks	4%

Source: DSN/Leo J. Shapiro & Assoc.

Departments Where Consumers Express High Preference for Private Label

(% of shoppers expressing a preference for private label)

Hardware	31%
Women's Apparel	15%
Automotive	15%
Children's Apparel	13%
Domestics	10%
Men's Apparel	7%
Housewares	7%
H&BC	7%
Cosmetics	5%
Blank Videocassettes	5%

Source: DSN/Leo J. Shapiro & Assoc.

Departments Where Consumers Would Buy Another Brand If Their Preferred Brand Is Not Available

(% of discount store shoppers willing to switch brands)

Stationery	77%
Blank Videocassettes	69%
Greeting Cards	67%
Domestics	61%
Personal Care	57%
Children's Apparel	57%
Glassware and Dishes	56%
Food, Candy, Snacks	55%
Household Cleaners	54%
Housewares	51%

Source: DSN/Leo J. Shapiro & Assoc.

Departments Where Consumers Feel Confident of Finding the Brands They Want

(Mean rating on scale of 1-9, 1 = 'not likely to find'; 9 = 'sure to find')

Film	8.35
Blank Videocassettes	7.88
Personal Care	7.88
Cosmetics	7.82
Household Cleaners	7.69
H&BC	7.66
Automotive	7.61
Beverages	7.58
Toys	7.53
Stationery	7.53

Source: DSN/Leo J. Shapiro & Assoc.

Departments Where Consumers Don't Feel Confident of Finding the Brands They Want

(Mean rating on scale of 1-9, 1 = 'not likely to find'; 9 = 'sure to find')

Hardware	6.28
Children's Apparel	6.59
CE	6.59
Men's Apparel	6.84
Sporting Goods	6.86
Greeting Cards	6.89
Women's Apparel	7.01
Photo, Camera	7.14
Housewares	7.22
Glassware and Dishes	7.29

Source: DSN/Leo J. Shapiro & Assoc.

Departments Where Consumers Have a Low Degree of Brand Preference

(% of discount store shoppers with a brand preference)

Stationery	39%
Domestics	41%
Children's Apparel	43%
Glassware and Dishes	47%
Women's Apparel	49%
Hardware	59%
Personal Care	61%
Housewares	63%
Sporting Goods	67%
Men's Apparel	67%

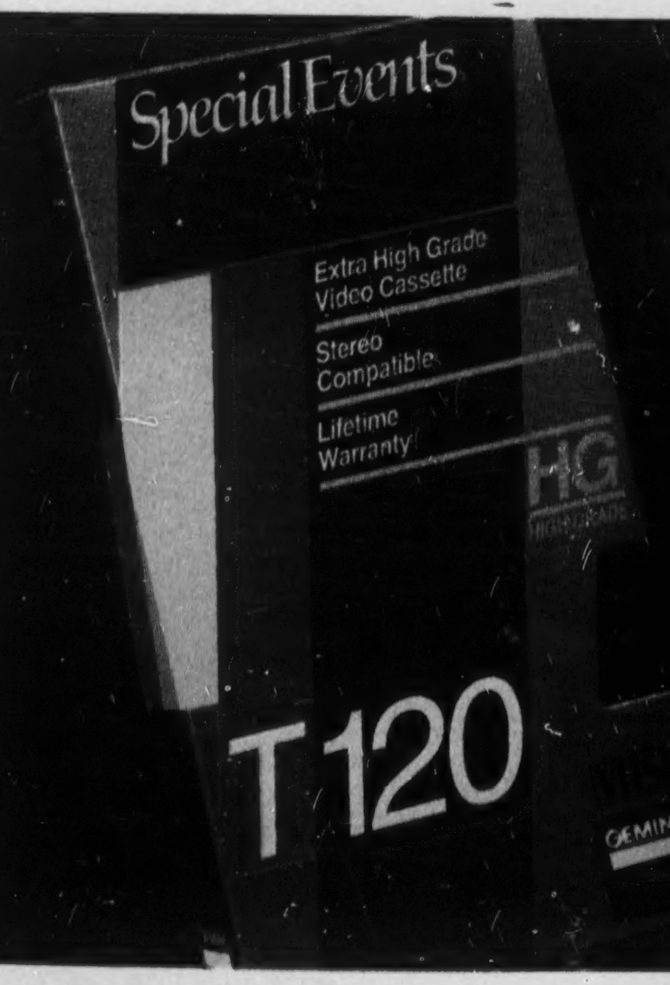
Source: DSN/Leo J. Shapiro & Assoc.

Departments Where Consumers Would Skip Making a Purchase If Their Preferred Brand Is Not Available

(% of discount store shoppers who would skip purchase if preferred brand was unavailable)

Photo, Camera	68%
Cosmetics	62%
Men's Apparel	61%
CE	60%
Hardware	59%
Beverages	58%
Film	58%
Sporting Goods	54%
Toys	54%
Women's Apparel	53%

Source: DSN/Leo J. Shapiro & Assoc.



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Hanes, Gitano Emerge as Ladies' Power Brands

Hanes and Gitano were discount store consumers' most preferred women's brands in this year's top brands consumer study. The same two labels made the top grade in managers' minds as well, placing them in the elite group of power brands.

In fact, managers and consumers agreed more readily in the women's apparel category about the best sellers than they did for either men's or children's wear. Seven out of the Top 10 brands in the consumer study also appeared in the manager's study: Hanes, Gitano, Jaclyn Smith, Lee, Levi's, Chic and Playtex.

Missing from the fold compared to last year's results are Fruit of the Loom (the first time in three years that the brand didn't make the Top 10) along with Jordache and Wrangler. These three brand names did appear among the manager's Top 10 performing brands this year.

Wrangler will have a chance to redeem itself in 1993 as a revamped women's wear line hits the stores.

Cherokee, a favored department store brand, is also branching out into the discount tier, although its new line for discount will be sold under the Gelati label. This year marked the first time Cherokee appeared on the Top 10 of the consumer's preferences since the inception of the study.

Two pantyhose brands, L'eggs and No Nonsense, were also named as preferred brands by consumers. Though rarely mentioned by retailers as a top performer, pantyhose is one category that women buy often and usually stay loyal to.

The preference for brands comes across loud and clear in this category. Although Jaclyn Smith, Kmart's private label line, was mentioned by consumers, they overwhelmingly prefer national brands.

According to the study, only 15% of respondents in the women's category prefer private label goods, the same percentage as in 1991. That was a big decline from the 35% who said they preferred private label lines in 1990.

There are those who will argue, however, that the definition of private label is not clear for consumers, who see Jaclyn Smith as a brand in the same way they see Lee as a brand.

With the large number of consumers who shop Kmart each year, it's no wonder that Kmart's exclusive Jaclyn Smith women's apparel line receives a significant percentage of responses from consumers as a preferred brand.

Another significant finding in this year's study is the number of respondents willing to switch brands if their favorite is not available. This figure has shifted from year to year, but could be attributable to the economy. In tougher times, the value may be more important than the actual brand name to consumers. In the current study, 47% of respondents in the women's category were willing to switch brands, up from 39% a year earlier.

In addition, respondents have remained consistently confident about finding the brands they want in discount stores. About 35% of those questioned said they were likely to find their brand of choice in the discount store they shopped the most. That figure has ranged from a low of 32% in 1991 to a high of 37% in 1989.

As was the case in the managers' part of the study, Lee was cited as a favored brand. With Lee's plans to eliminate its discount distribution, it will be interesting to see next year's survey, as it may leave open a spot for another brand to endear itself to both managers and consumers.

Women's Apparel: Consumer Brand Preference

(Among consumers who shopped discount stores in past year)

Top Brands[1]	All Discount Stores	Wal-Mart	Kmart	Target	Rank By Store Managers[2]
Hanes	21%	21%	20%	18%	2
Gitano	13	17	14	13	1
L'eggs	10	10	11	8	—
Lee	9	9	8	15	2
Jaclyn Smith	9	10	8	13	7
Levi's	6	3	6	5	10
Chic	5	5	5	10	4
No Nonsense	4	5	5	—	—
Cherokee	3	3	4	5	—
Playtex	2	2	2	—	8

[1] Based upon discount store consumers' response to the question: 'If you were shopping for (product) in discount department stores, which brand of that product would you want?'

[2] Based upon store managers' response to the question: 'What are your best performing brands in (department)?'

Source: DSN/Leo J. Shapiro & Assoc.

The preference for national brands *was obvious in ladies' wear. Only 15% of respondents in the category prefer private label goods.*

Revlon's Popularity at All Discounters Earns it Top Spot

In what continues to be a three-horse race in cosmetics, Revlon pulled ahead of both Maybelline and Cover Girl, which rode in at the second and third spots, respectively, and finished first by a hair with 27% of consumers mentioning it as the brand they want when shopping.

Revlon, the No. 3 brand just a year ago, displaced Maybelline as the No. 1 brand in consumers' minds this year, also striding ahead of Cover Girl, which placed third with 24% of mentions.

The rapid rise of Revlon can be traced to its strong performance at all discounters, with 27% of consumers naming it as the brand they want when they go shopping. Last year, Revlon was named by 18% as a preferred brand. In addition, Maybelline dropped to 25% of mentions from 27% last year and Cover Girl dipped to 24% from 26% that mentioned it last year.

The Big Three discounters also contributed to the shifting of positions at the top.

At Kmart, Revlon was the big winner with 26% of consumers mentioning it as a preferred brand, up from 18% of mentions it received last year. Both Maybelline and Cover Girl received less mentions this year, especially at Kmart, where Maybelline was mentioned by 25% of consumers as opposed to the 32% that named it as a preferred brand in '91.

Revlon was a preferred brand among Wal-Mart shoppers, gaining eight percentage points this year over last year's survey. The only downside to the brand's successful run was at Target, where Revlon was only mentioned by 19% of consumers, down from the 26% that named it last year.

Maybelline, the No. 1 performing brand in cosmetics, according to store managers interviewed for *DSN's* Top Brands Retailer Survey (see *DSN*, Oct. 5), got the one-two-three punch at the top discounters. Maybelline received less mentions at all three of the major chains, especially at Wal-Mart where it lost momentum with only 22% of mentions as a preferred brand, 13 points off from '91.

Cover Girl, which was edged out by Maybelline in this year's consumer survey, remained stable at Wal-Mart but was mentioned less often as a preferred brand at both Kmart and Target.

The rest of the brands that comprise the Top 10 also played musical chairs, with no brand remaining in the same position. For instance, L'Oreal (fourth) was sixth last year and Clarion (sixth) was fourth last year. Two newcomers to the consumer list are Coty (eighth) and Estee Lauder (ninth). Rounding out the list were Almay (fifth), Max Factor (seventh) and No. 10 Clairol.

According to *DSN*'s Top Brands Survey, consumers were very confident of finding the brand they wanted, with a little more than five out of 10 reporting that they were sure they would find the brands they want at the discount store they shop at most often. On a scale of 1 to 9 (with 1 meaning "not likely to find and 9 "sure" of finding their preferred brand), cosmetics received a mean rating of 7.82, placing it in the fourth position trailing film, which received the highest mean rating of 8.35, personal care appliances and blank videocassettes.

Cosmetics: Consumer Brand Preference

(Among consumers who shopped discount stores in past year)

Top Brands[1]	All Discount Stores	Wal-Mart	Kmart	Target	Rank By Store Managers[2]
Revlon	27%	22%	26%	19%	3
Maybelline	25	22	25	24	1
Cover Girl	24	27	26	28	2
L'Oreal	8	10	8	9	4
Almay	6	6	6	6	7
Clarion	5	3	5	5	8
Max Factor	3	3	3	3	5
Coty	3	4	3	3	—
Estee Lauder	3	1	2	2	—
Clairol	2	3	2	3	9

[1] Based upon discount store consumers' response to the question: 'If you were shopping for (product) in discount department stores, which brand of that product would you want?'

[2] Based upon store managers' response to the question: 'What are your best performing brands in (department)?'

Source: DSN/Leo J. Shapiro & Assoc.

Basics Brands Fare Best in Men's Wear Survey

Consumers named Levi's as their most preferred men's wear brand in this year's Top Brands Survey of consumers. Levi's was one of six men's apparel labels that was mentioned by both discount store consumers as a top preferred brand and by discount store managers as a top performing brand in the men's wear department.

The other top brands on both lists were Hanes, Fruit of the Loom, Wrangler, Lee and Rustler.

Despite some disparity in specific brands, one theme did remain consistent in both the manager and consumer studies: the emphasis on apparel basics, such as fleece, underwear and jeans. Seven brands in those merchandise categories were listed among the managers' Top 10 performers. In the consumer survey, nine of the Top 10 preferred brands (Arrow was the exception) are players in one of those basic categories.

In fact, two additions to the consumers' list from last year—Jockey and Rustler—also fit well into those parameters. Van Huesen and Dickies were absent from this year's consumer list. Rustler had not made this listing since 1988 and Jockey last appeared in the 1990 survey.

Bugle Boy, primarily a specialty and department store brand, again made the list. In addition, Lee, now being taken out of discount distribution, placed fourth among consumers, up from eighth place last year. Lee garnered 11% of mentions for this year's survey, compared to 2% in 1990. It will be a brand missed by both managers and consumers.

Distribution is an issue for both Lee and Bugle Boy. Bugle Boy had found its way to discount through diverters. That may change in the future, as will Lee's availability at the discount store level. That may give other jeans brands, such as Brittania, a chance to do as well in the minds of consumers as they have in the minds of discount store managers.

Along with Brittania, other notables that made the managers' chart but not the consumer list were Gitano, Reed st. James, and Dickies.

Of all the apparel categories, men's wear customers were the least likely to have a preference for private label merchandise. Only 7% of those questioned expressed a preference for private label men's wear.

At the same time, men's wear customers seemed the most loyal to brands. A full 67% reported a brand preference in the men's apparel category. This was higher than either women's or children's wear.

Similarly, only 39% of respondents said they would be willing to switch brands if their first choice was not available. This was the lowest result for any apparel category.

As in women's wear, about one-third of respondents were confident they would find their preferred brand at the store they shopped most often. About 35% said they were confident about finding the brand they wanted, up from 31% a year earlier.

Men's Apparel: Consumer Brand Preference

(Among consumers who shopped discount stores in past year)

Top Brands[1]	All Discount Stores	Wal-Mart	Kmart	Target	Rank By Store Managers[2]
Levi's	27%	24%	27%	27%	9
Hanes	24	27	25	25	1
Fruit of the Loom	16	14	16	12	2
Lee	12	8	12	12	4
Wrangler	6	4	6	3	3
Bugle Boy	6	8	4	4	—
Arrow	5	6	6	7	—
Jockey	5	4	4	9	—
BVD	4	3	4	4	—
Rustler	2	2	3	1	6

[1] Based upon discount store consumers' response to the question: 'If you were shopping for (product) in discount department stores, which brand of that product would you want?'

[2] Based upon store managers' response to the question: 'What are your best performing brands in (department)?'

Source: DSN/Leo J. Shapiro & Assoc.

Brand Switching Runs High in Children's Apparel

A number of new names cropped up on consumers' top brands list for children's wear, the most volatile of the apparel charts.

Four brands were mentioned in the survey this year that were not on consumers' minds last year: Health-Tex, Bugle Boy, Carter and Lee. Perhaps because of the quick-change nature of this market, it was the apparel category where manager and consumer responses matched the least.

Only five brands were ranked among the Top 10 in both the managers survey of top performing brands and the consumer survey of most preferred labels. These were OshKosh, Hanes, Fruit of the Loom, Gerber and Lee.

The top three brands mentioned by consumers also made significant jumps on the chart. OshKosh got 22% of consumer mentions this year, compared to 10% last year. Levi's got 14% of mentions and Health-Tex got 9%, placing them in second and third place. Neither brand made the chart in 1991, though they have appeared on the chart in previous years. Bugle Boy was the only brand to appear on the consumer survey for the first time.

Missing from last year's listing were Huggies, Buster Brown, Reebok and Wrangler.

The volatility of this particular apparel area came through in the remainder of the children's wear survey as well.

Just 43% of respondents named a brand preference for children's wear, the lowest of all apparel categories.

About 13% of respondents said they had a preference for private label goods, placing children's apparel a relatively high fourth, behind hardware, automotive and women's apparel, for private label preferences.

Consumers were also more willing to switch children's wear brands than any other apparel category. A full 57% of respondents said they would be willing to switch children's apparel brands if they did not find the brand they wanted at the discount store they shopped at most.

One of the more interesting findings in this section of the children's apparel survey is the confidence consumers show in what brands they will find at retail.

Only 29% of consumers said they were confident of finding the children's apparel brand they want at stores. Only hardware and consumer electronics scored lower on this point.

The significance of this figure comes in the comparison of the answers to the 1991 survey. Then, a full 46% of respondents said they were confident of finding the brands they wanted. Since the inception of the survey, the response on this question has hovered at about 40%.

One of the reasons for the poor vote of confidence may be in the high ranking of traditional department store brands among the consumers' favorites.

Specifically, OshKosh, Bugle Boy and Nike (which placed first, fifth and 10th) are usually found in department and specialty stores. However, OshKosh did begin selling Sears a number of years ago and has begun showing up in regional discount chains and Bugle Boy has been brought to some discount stores through diverters.

Consumers buying children's wear may further be dismayed when Lee takes its brand out of the discount store loop next year.

Ironically, despite the low confidence rating, children's apparel remains a pivotal part of most discount store operations. Given the willingness of many consumers to switch brands within this apparel category, it should hold strong for some time to come.

Children's Apparel: Consumer Brand Preference

(Among consumers who shopped discount stores in past year)

Top Brands[1]	All Discount Stores	Wal-Mart	Kmart	Target	Rank By Store Managers[2]
OshKosh	22%	19%	19%	15%	8
Levi's	14	12	16	18	—
Health–Tex	9	9	9	7	—
Hanes	8	8	6	9	4
Bugle Boy	6	6	7	8	—
Carter	6	6	6	8	—
Fruit of the Loom	5	6	6	5	3
Gerber	5	5	6	6	5
Lee	4	5	2	6	6
Nike	4	2	4	2	—

[1] Based upon discount store consumers' response to the question: 'If you were shopping for (product) in discount department stores, which brand of that product would you want?'

[2] Based upon store managers' response to the question: 'What are your best performing brands in (department)?'

Source: DSN/Leo J. Shapiro & Assoc.

GRACO
Fisher-Price
Gerry
Gerber

Children's wear shoppers were more willing to switch brands than any other apparel category—57% said they would try another label. (DSN photo)

Special Supplement
Discount Store News

October 19, [illegible]

SPORTSWEAR

Rose's:

Looking for the sweet smell of success

Retailers of the Common Man

When Ross Perot, the Texas billionaire of the people, appeared on the 'Larry King Live' show recently, he said that the other presidential candidates were out of touch with the people and their needs.

But he offered them some advice. To get a grasp of the masses they should spend a little more time in the Wal-Marts and Home Depots of the world.

Maybe Perot will just buy one of the chains and use the customers for his own personal focus group.

British Tarrif

Transatlantic Bargains*

So you thought that prices in the United States were high. Well, check out some of these British tags:

Product	Price British	 American
Levi's 501 jeans	$ 66	$ 36
Nike Air Jordan trainers	160	116
Armani suit	1,600	1,068
Ray-Ban Wayfarer sunglasses	123	53
Compact disc	23	11
Olympus MJU pocket camera	196	89
Ping Eye II golf clubs	1,558	659
As the Crow Flies paperback edition by Jeffrey Archer	11	6
McDonald's Big Mac	3	1.79

*Based on recent pricing averages.

Clarification

Sales of dress shirts at Sears, Roebuck and Co. increased 6.5 percent for the first quarter of 1992 compared to the same period a year earlier, according to a spokeswoman for the company.

Figures provided to *Apparel Merchandising* by The NPD Group, the Port Washington, N.Y.-based research company, that were published in the Sept. 7 issue indicated that first quarter '92 sales of dress shirts at Sears were considerably lower than they were for first quarter 1991.

While NPD stands behind its quarterly figures, it has released first half dress shirt numbers for Sears that show that the category is running ahead at the company for the 6 month period.

According to NPD, Sears generated $52.2 million in dress shirt sales during the first half of 1991. For the same period this year the store garnered $55.2 million, an increase of about 6 percent.

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(212) 756-5000
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Assoc. Publisher **PAULA LASHINSKY**
Editor **JEFFREY ARLEN**
Associate Editor **Jill Lettich**
Sr. Desk Editor/Assoc. Editor **Marie Corrado**
Art Director **Daarek Szeto**
Graphic Artist **Jacqueline Broner**

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X Marks the Spot

Four apparel companies marketing Malcolm X merchandise are being sued by Curtis Management Group, Indianapolis, business agents for the family of Malcolm X.

Merchandise with the civil rights leader's image or with an "X" has become increasingly popular in anticipation of director Spike Lee's movie about the activist due out next month.

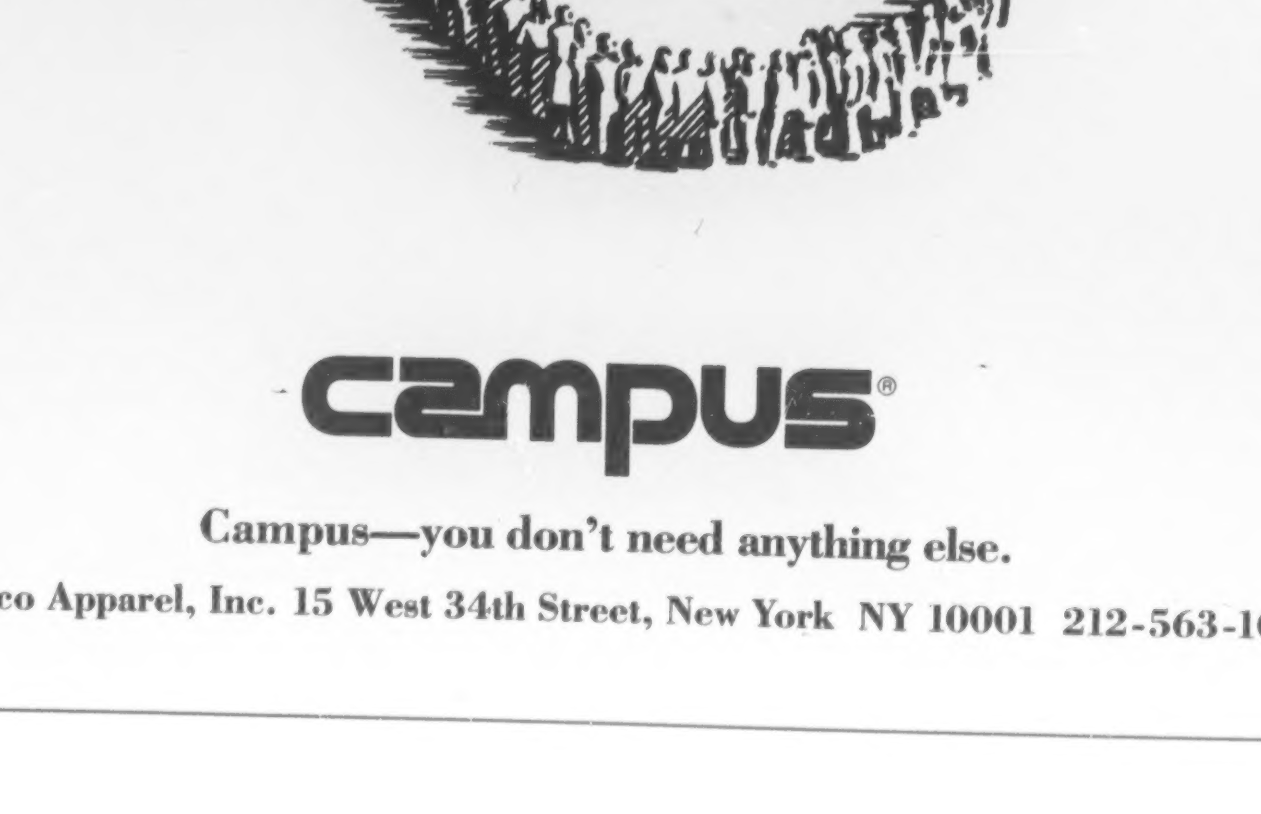
The four companies named in the suit include: Goose Down U.S.A. (jackets); Broner Glove Co., (hats and caps); New York Apparel Sales (T-shirts); and Fresh Caps Inc. (hats and caps). According to papers filed in U.S. District Court, Nevada, each of the defendants were exhibiting the merchandise at the MAGIC Show.

According to Stephanie Osha, director of promotions, Curtis Management, both an "X" mark (when related to Malcolm X) as well as his image is included in the complaint against these four companies. It remains to be seen if a court will allow that a simple "X" on a piece of merchandise constituents a licensing infringement. The complaint was filed in September; there has been no additional action since then.

There are 22 companies that do have licensing rights to market and produce merchandise related to Malcolm X. That includes T-shirts and caps in varying price ranges.

Curtis Management handles the licensing of a number of entertainment and historical personalities. It is also involved in a dispute with a foreign apparel company called Bogart Jeans which was using the name and image of Humphrey Bogart, another licensing property managed by Curtis.

Draw a crowd.



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Basics best at discount

Discounters' biggest volume in apparel comes from basic items such as fleece, jeans and underwear.

If that retail statement of law was ever in any doubt, the latest study of Power Brands from Leo J. Shapiro & Associates, Chicago, reinforces the premise. The study was compiled for *Discount Store News* from two interviewing sessions. One queried mass market store managers across the United States, while a separate questionnaire examined consumer responses to favored brands.

For sheer number of mentions Hanes and Lee, which both fit under the basics umbrella, were the big winners. Each brand was named in every category—men's, women's and children's—by both store managers and consumers. Those brands pack an obviously powerful punch at retail.

Managers matched seven out of 10 brands mentioned by consumers in the women's wear category. The consensus didn't hold up as well in the other apparel areas. In men's wear, six out of the seven brands were mentioned in both consumer and manager lists. In children's, only five of the mentioned brands found their way on both charts.

It will be interesting to see if next year's study will still include Lee in light of that company's decision to pull out of the mass market during second quarter 1993. Across the board, Lee was ranked highly in the minds of managers (third in women's wear, fourth in men's and sixth in children's) as well as consumers (fourth in men's, fifth in women's and ninth in children's).

For managers, Gitano was also a big winner. It was named by managers in all three apparel categories, although consumers only mentioned it in women's.

Managers have high hopes that the current strong brands will bode well for them in the future. Asked to project sales increases through 1992, managers primarily stuck with the top three or four performers, all but one falling into the jeans/fleece/underwear arena (Fisher-Price in children's wear).

The survey also asked managers to forecast sales for these brands through 1992. Not surprisingly, the current leaders were given a vote of confidence by managers who expected store sales to increase about 10 percent. However, some brands placing lower in the charts—Wrangler in the children's chart, for instance—were given a thumbs up for the future by managers.

The whims of consumers and the changing distribution at retail will continue to shape future top brands listings. ◢

Top Performing Women's Wear Brands

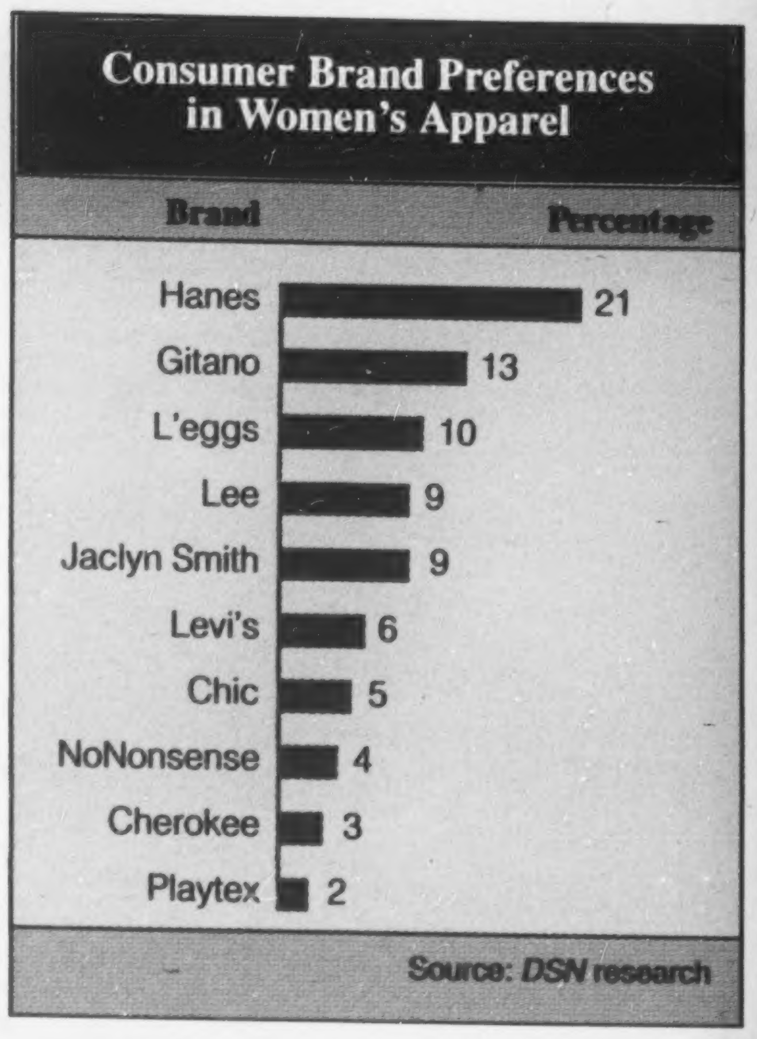
Brand	Percentage of managers naming brand as top performer in department	Forecast increased sales of more than 10%[1]	Forecast increased sales less than 10%[2]	Not sure	Decrease or no change
Gitano	40.0	46.1	42.6	25.3	38.7
Hanes	22.2	20.1	27.5	23.4	13.7
Lee	22.1	17.9	24.9	25.2	21.9
Chic	20.7	16.6	26.4	14.0	25.7
Wrangler	11.5	8.5	10.4	14.9	16.2
Fruit of the Loom	9.6	9.7	12.2	6.6	7.5
Jaclyn Smith*	9.1	7.2	14.4	—	12.8
Jordache	6.8	7.3	3.4	6.0	14.4
Playtex	6.8	8.5	6.8	6.4	3.4
Levi's	5.6	4.0	10.0	4.5	.9

*Kmart private label brand

[1] Reflects brand mentions of managers forecasting increases of 10 percent or more for their stores' overall sales.

[2] Reflects brand mentions of managers forecasting increases of 10 percent or less for their stores' overall sales.

Source: *DSN* research.


Consumer Brand Preferences in Women's Apparel

Source: *DSN* research

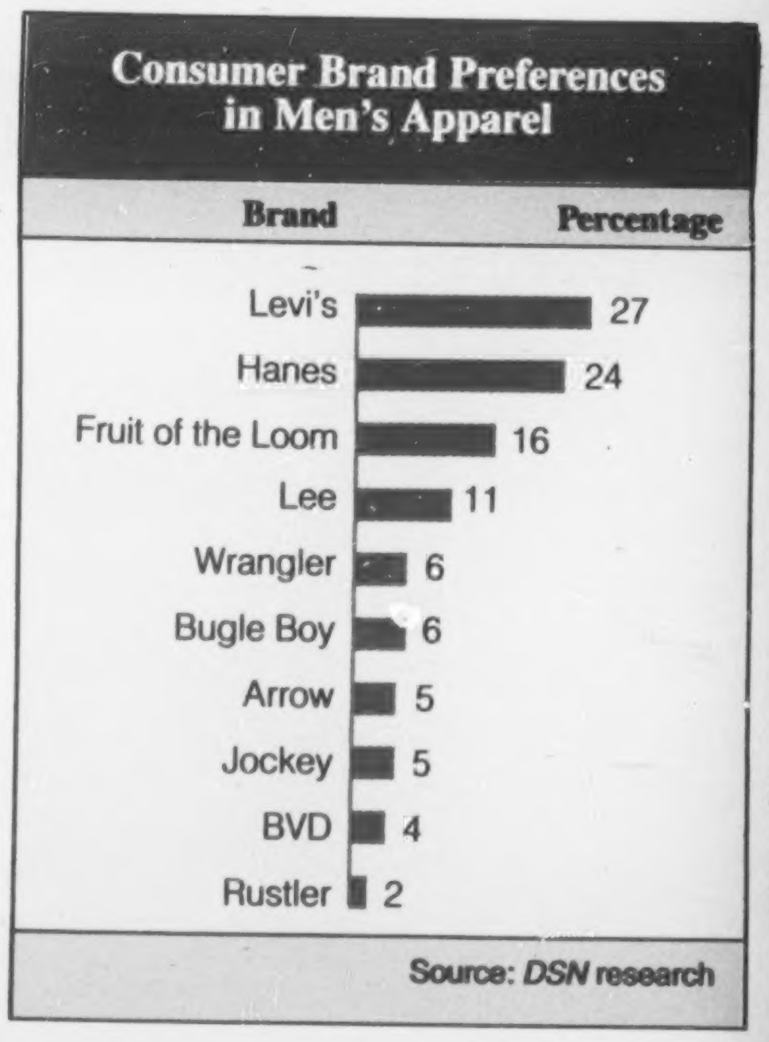
Top Performing Men's Wear Brands

Brand	Percentage of managers naming brand as top performer in department	Forecast increased sales of more than 10%[1]	Forecast increased sales less than 10%[2]	Not sure	Decrease or no change
Hanes	36.9	43.8	30.1	30.1	18.6
Fruit of the Loom	33.4	33	45.4	23.6	19.9
Wrangler	32.1	32.4	32.4	30.4	33.1
Lee	20.9	14.3	25.8	21.1	24.4
Gitano	15.7	19.8	.7	7.9	13.6
Rustler	10.5	10.1	12.6	7.4	10.7
Brittania	9.5	10.1	12.6	7.4	10.7
Reed st. James	8.9	16.0	7.9	5.3	—
Levi's	8.7	7.3	12.5	9.0	2.7
Dickies	8.4	4.6	11.9	7.2	10.8

[1] Reflects brand mentions of managers forecasting increases of 10 percent or more for their stores' overall sales.

[2] Reflects brand mentions of managers forecasting increases of 10 percent or less for their stores' overall sales.

Source: *DSN* research.


Consumer Brand Preferences in Men's Apparel

Source: *DSN* research

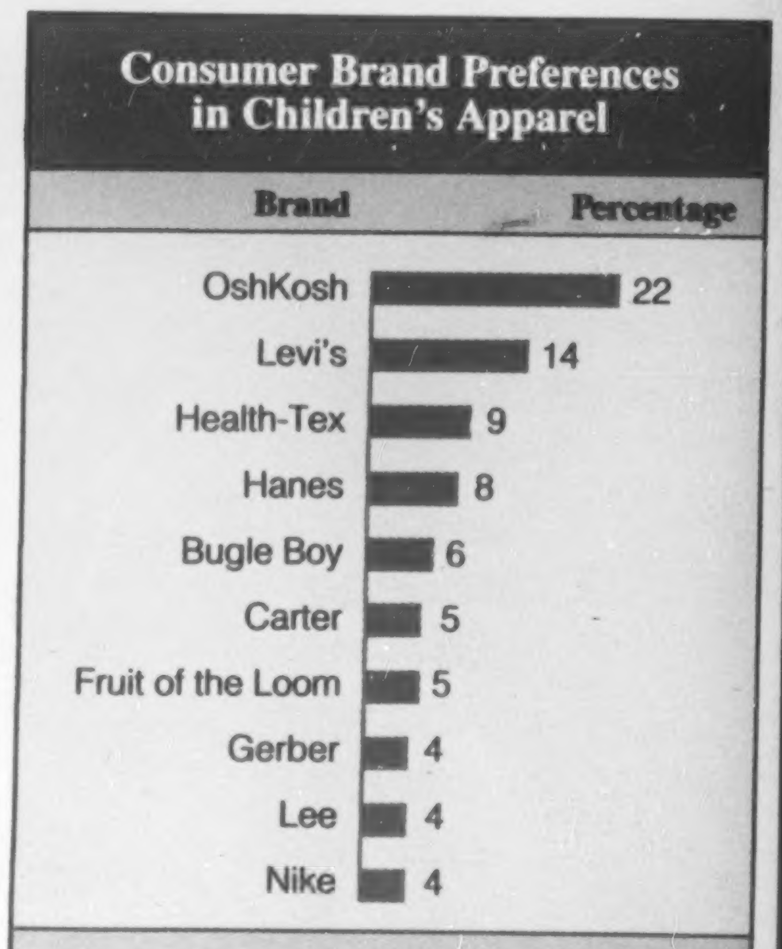
Top Performing Children's Wear Brands

Brand	Percentage of managers naming brand as top performer in department	Forecast increased sales of more than 10%[1]	Forecast increased sales less than 10%[2]	Not sure	Decrease or no change
Gitano	15.9	18.3	10.6	22.9	15.1
Fisher Price	12.9	19.1	1.1	3.5	12.7
Fruit of the Loom	12.1	11.8	12.6	13.2	11.1
Hanes	11.8	8.4	12.9	19.0	9.8
Gerber	10.7	4.8	15.7	9.9	12.8
Lee	9.9	6.4	9.5	14.3	13.4
Wrangler	9.3	11.5	9.4	6.9	7.3
Osh Kosh	6.8	3.9	11.1	3.5	7.1
Pampers	5.8	5.4	4.3	3.2	11.2
Liberty	5.7	5.4	7.3	—	8.2

[1] Reflects brand mentions of managers forecasting increases of 10 percent or more for their stores' overall sales.

[2] Reflects brand mentions of managers forecasting increases of 10 percent or less for their stores' overall sales.

Source: *DSN* research.


Consumer Brand Preferences in Children's Apparel

Source: *DSN* research

Nearly a Quarter of CE Shoppers Opt for Sony

Store managers may prefer Emerson, but consumers, for the fourth consecutive year, prefer Sony, although the brand is still nowhere near dominating its category like Kodak (in photo, videocassettes and film) and Cannon (domestics) do theirs. Nearly one in four CE shoppers named Sony as his preferred brand. Nintendo, for the second year, finished second, but support for the video game giant dropped.

The big surprise was Kodak, which not only blew away the competition in photo and the new film categories, with a close second place in blank videocassettes, but finished tied for second with Nintendo, with about one in 10 consumers naming each brand. Kodak had never been listed on the Top 10 in consumer electronics.

Other gainers were Thomson's RCA brand, which gained a place to finish fourth (although sister brand GE slipped from fourth to eighth); Pioneer, which re-entered the chart at sixth after a year's absence; AT&T, moving up two places to seventh; and Emerson, which placed 10th, its first time in the Top 10 among consumers since 1989. (Several other brands finished in a statistical tie for 10th place; they included Sanyo, Magnavox, Maxell, Eveready, IBM, and Polaroid, with Zenith, Duracell, Sharp, Scotch, Memorex, Apple and Fuji right behind).

Eveready dropped off the chart, as did Zenith, and Panasonic and JVC each slipped two places, to fifth and ninth, respectively.

Relatively speaking, the perceptions of discount store managers and consumers aren't all different. Six brands made each group's Top 10, although in different order. Had Nintendo not dropped off the managers' survey and Kodak not made an entirely unexpected entry onto the consumers', there could have been convergence on eight of the Top 10.

Store choice had almost no influence on brand choice. Top brands were remarkably consistent among Wal-Mart, Kmart and Target shoppers. There were some differences. Sony, Panasonic, GE, and Eveready were very popular with Target shoppers. Wal-Mart shoppers tended to spread their votes around, with only Kodak receiving a higher than average rating. And at Kmart, shoppers showed marginally higher preferences for RCA and AT&T.

Consumers were much more brand loyal in CE than in other parts of the store. Only four of 10 said that they would switch to another brand if their preferred brand was unavailable. And discounters may be losing some sales in this department by not having the top brands in stock; consumers were relatively unsure that they would find their brand in stock (a mean rating of 7.02 on a scale of 1 to 9, compared to highs of 7.99 in other deparments). Only one in three shoppers felt "sure of finding" their preferred brand(s).

Shoppers are not interested at all in private label consumer electronics, according to the survey.

Consumer Electronics: Consumer Brand Preference

(Among consumers who shopped discount stores in past year)

Top Brands[1]	All Discount Stores	Wal-Mart	Kmart	Target	Rank By Store Managers[2]
Sony	23%	21%	21%	27%	2
Nintendo	10	9	9	10	—
Kodak	10	12	11	11	—
RCA	9	7	10	5	4
Panasonic	8	7	9	6	6
Pioneer	7	7	5	4	—
AT&T	6	6	7	7	8
General Electric	5	4	4	7	3
JVC	4	2	3	6	—
Emerson	3	4	2	1	1

[1] Based upon discount store consumers' response to the question: 'If you were shopping for (product) in discount department stores, which brand of that product would you want?'

[2] Based upon store managers' response to the question: 'What are your best performing brands in (department)?'

Source: DSN/Leo J. Shapiro & Assoc.

Electronics
MAGNAVOX
EVEREADY
WORLD OF Nintendo

***About one in ten shoppers** named Nintendo, shown here at Venture, Des Moines, Iowa, as a top brand, putting it in second place.* (DSN photos)

Sale
294
169

***While store managers** ranked GE third, the brand slipped from fourth place to eighth on the consumer survey.*

Consumers Exhibit Little Brand Loyalty in Videocassettes

Kodak, the brand which swept photo and the new film category, then leaped from nowhere to tie for second in consumer electronics, was narrowly edged out by Sony in the new blank videocassette category in a discount store consumer brand preference survey conducted by Leo J. Shapiro and Associates for *DSN*.

Sony was preferred by about one in six consumers, Kodak by about one in seven.

Kodak also finished right behind Sony in a companion survey of discount store managers who were asked to name their best performing brands. Otherwise, consumers and store managers tended to name the same brands, although in different order. The only difference was Panasonic, which was named by consumers and not by managers, who (presumably due to overwhelming Kmart support) named Kmart's Focal house brand instead.

Overall, consumers were confident about finding their preferred brands in the videotape category. On a scale of 1 to 9, confidence in finding preferred brands scored a mean rating of 7.88, among the highest levels in the store (only film scored higher). More than half of shoppers said that they were "sure of finding" their preferred brand(s). Also, nearly all respondents (96%) had a brand preference.

Preference or no, however, brand loyalty was almost nonexistent in the category, which dovetails with real life, where 8 to 10 brands enjoy roughly equal market share. Seven of 10 shoppers said that if their preferred brand was unavailable, they'd buy another brand. Only in stationery was brand loyalty softer.

Few consumers would switch to private label videocassettes. Only 5% of consumers expressed a preference for private label tapes, perhaps because of fears that they will damage sensitive VCRs and camcorders.

There were several variations in preference chain-to-chain. Target shoppers preferred Sony and Scotch/3M and were less supportive than average of Memorex and Maxell. Kmart shoppers preferred Kodak, Fuji, and Memorex, and Wal-Mart shoppers showed a higher-than-average preference for Scotch/3M and JVC, while giving Kodak relatively low support.

This is a category that simply can't be dominated by any one brand. With a high of 16% of respondents, Sony, which reportedly does have a slight market share lead, is perhaps the most underwhelming winner in any category. The eighth place finisher, Fuji, had just under 10%, to illustrate how close the leading brands are bunched. In the future, a heavy advertising campaign, a sudden jump in store fronts, or a special promotion could cause this chart to turn itself upside down.

Apart from the Top 10, only Ricoh and GE received measurable responses.

Blank Videocassettes: Consumer Brand Preference

(Among consumers who shopped discount stores in past year)

Top Brands[1]	All Discount Stores	Wal-Mart	Kmart	Target	Rank By Store Managers[2]
Sony	16%	16%	15%	20%	1
Kodak	13	8	15	13	2
Memorex	12	14	14	9	7
Maxell	11	9	12	9	4
Scotch/3M	10	11	9	14	5
TDK	9	10	8	6	3
Polaroid	9	9	9	5	5
Fuji	9	7	10	8	9
BASF	6	4	5	3	8
JVC	5	7	5	5	—

[1] Based upon discount store consumers' response to the question: 'If you were shopping for (product) in discount department stores, which brand of that product would you want?'

[2] Based upon store managers' response to the question: 'What are your best performing brands in (department)?'

Source: DSN/Leo J. Shapiro & Assoc.

Housewares Shoppers Show Their Brand Loyalty

Consumers shopping for housewares were fairly brand loyal compared to other merchandise categories, based on *DSN*'s survey of discount store shoppers.

Slightly more than half would switch to another brand rather than skip the purchase altogether, reflecting a relatively high degree of brand loyalty, especially in a category where the shopper is more likely to be making a purchase out of necessity.

Target shoppers have more stated brand preference in the housewares department than either Kmart or Wal-Mart shoppers. Of the Kmart and Wal-Mart shopper populations, 64% said they had a brand preference in housewares, while 69% of Target customers said they had a preferred housewares brand.

Wal-Mart, Kmart and Target shoppers generally agreed that Rubbermaid, General Electric and Black & Decker were among the brands they would want when shopping the housewares department.

However, there was a subtle rift between the brand preferences of Target customers vs. those who shopped Wal-Mart or Kmart.

The differences can be accounted for in several ways. To some extent, a brand was named more by shoppers of one particular chain due to the level of advertising support it receives, whether or not the brand is even stocked at that chain and whether the particular brand is given endcap presentation or is well-supported with point-of-purchase materials. The demographics of the shoppers also contributed to the brands they most often named.

For instance, while Rubbermaid was the most often named brand by all consumers who stated a brand preference in housewares, the availability of other plastic brands such as Sterilite in the Target assortment could have resulted in slightly fewer mentions of Rubbermaid among Target shoppers.

The top brand listing for Target consumers also included brands that discount shoppers as a whole mentioned infrequently. As a result, some of these brands did not make the Top 10 roster, including the small appliance brands of Proctor-Silex and Hamilton Beach. If these two "brands" which are owned by a single company, were combined, products from this manufacturer would be the sixth most often named brand for Target. Measured separately, these two appliance labels still would have been on Target's Top 10 brands list.

Target's private label program did not go unnoticed by its shoppers. Six percent named a private label or store brand as one of the "brands" they thought of when they shopped for housewares at Target stores. This compared with 5.5% at Wal-Mart and just over 4% at Kmart.

While Kmart and Wal-Mart shoppers were more like-minded about the housewares brand they would shop for, the strengths and weaknesses of the individual chains were reflected in the brands chosen.

Differences included more frequent mentions of most kitchen appliance names such as General Electric, Black & Decker and others at Wal-Mart than at Kmart. The fewer mentions by Kmart customers could reflect, in part, the more prominent location and intensive merchandising of the category at most Wal-Mart stores compared with most Kmart stores.

The word "housewares" evidently conjured up in the consumer's mind a broad spectrum of items that would not typically be considered part of a housewares department—like merchandise from Cannon or the laundry detergent Tide.

Housewares: Consumer Brand Preference

(Among consumers who shopped discount stores in past year)

Top Brands[1]	All Discount Stores	Wal-Mart	Kmart	Target	Rank By Store Managers[2]
Rubbermaid	16%	16%	15%	13%	1
General Electric	12	12	11	13	—
Black & Decker	11	12	11	9	4
Cannon	9	11	10	9	—
Mr. Coffee	7	8	8	8	5
Corning	6	4	6	4	5
Tide	4	3	3	5	—
Oster	3	4	3	2	—
Revere	3	3	2	3	—
Sunbeam	3	4	3	2	—

[1] Based upon discount store consumers' response to the question: 'If you were shopping for (product) in discount department stores, which brand of that product would you want?'

[2] Based upon store managers' response to the question: 'What are your best performing brands in (department)?'

Source: DSN/Leo J. Shapiro & Assoc.

Libbey, Corning Shine Among Glass, Dinnerware Brands

When it comes to buying glassware and dinnerware in a discount store, very few brands are named by consumers as a preferred brand, based on a consumer survey of brand preference by *Discount Store News*.

The listing contracted this year to five brands, down from seven last year.

Libbey tops the list this year, rising above last year's top brands, Corning and Corelle, and is the dominant glassware supplier. But the combination of Corning Inc.'s brands—Corelle dinnerware, coupled with Corning and Pyrex serveware/bakeware—add up to a dominant position for a single manufacturer.

While Libbey is the undisputed favorite discount store brand of glassware overall, Anchor Hocking glassware does have a following with Kmart shoppers, Wal-Mart shoppers, and to a lesser extent, Target shoppers.

Private label is not much of a factor in the glassware and dinnerware category, which is especially significant since Target had taken pains to create an integrated private label tableware program.

It is possible, however, that the absence of Target's name on the packaging led consumers to believe that the tableware was not a private label program. This would explain why "Other" brands were preferred by Target consumers far more than at Kmart, Wal-Mart or any other discounter.

A brand other than the leaders was named by roughly 12% of consumers, except those who shopped at Target where slightly more than 20% named a different brand. Given the various names Target uses in its private label tableware program, no single private label would emerge as a dominant "brand" for Target.

The popularity of private label dropped from 8% to 3% since last year, which could suggest that the now defunct Martha Stewart line of glassware and dinnerware at Kmart may have had pockets of consumer popularity.

Despite the very small universe of preferred brands and the wide availability of these national brand leaders at full-line discount stores across the country, consumers are nonetheless less certain of finding these brands (or finding them in stock) than other categories. Just slightly over one-third of consumers surveyed were "certain" that they would find the brands they wanted at the discounter they shopped most often. All others were less than certain of finding one of these brands.

Glassware and Dishes: Consumer Brand Preference

(Among consumers who shopped discount stores in past year)

Top Brands[1]	All Discount Stores	Wal-Mart	Kmart	Target	Rank By Store Managers[2]
Libbey	35%	36%	39%	43%	2
Corelle	31	30	28	22	1
Corning	19	19	18	14	1
Anchor Hocking	14	14	17	9	3
Pyrex	2	—	2	4	4
Other	13	13	12	20	—
Private Label/ Store Brand	3	4	2	3	—

[1] Based upon discount store consumers' response to the question: 'If you were shopping for (product) in discount department stores, which brand of that product would you want?'

[2] Based upon store managers' response to the question: 'What are your best performing brands in (department)?'

Source: DSN/Leo J. Shapiro & Assoc.

***Just over one-third of consumers** surveyed was 'certain' they could find the dinnerware brands they wanted at their favorite discounter.*

Cannon Group Blankets Domestics Category

Cannon and its associated brands swept the annual Top Brands Survey of discount store shoppers. Nearly seven of 10 discount shoppers named Cannon as their preferred brand, but Fieldcrest, which finished second, and St. Mary's (fourth) brought the total percentage to name a Cannon brand up to about eight of 10.

With such overwhelming support of one brand, there was little left for competitors. The WestPoint/Pepperell group of brands finished third, with about one in 25 consumers citing one of its three brands, and sister company J.P. Stevens ran fifth, with about the same rate of mentions.

The only real surprise in the survey was the strong finish for Dundee Mills, which had never placed among the Top 10 in the consumer poll before. The brand finished seventh, with about one in 50 consumers citing it. Martex (sixth), Burlington (seventh), Springs (ninth), and Dan River and Springmaid (tied for 10th) rounded out the Top 10.

Compared with last year, results were fairly consistent. Gloria Vanderbilt, the Stevens license, dropped off the chart; the only new entry this year was Dundee. Springs would have placed a bit higher had mentions of Springmaid been added in. The only other brands mentioned were TasteMaker and Beacon, both of which narrowly missed the Top 10.

On the whole, consumers were less confident of finding their preferred brands in the domestics department, both in comparison to past years and compared to levels of confidence in other departments, but the difference was not pronounced. Consumers reported a mean 7.36 on a scale of 1 to 9 (with 9 being "sure of finding") as their level of confidence in their ability to find their favorite domestics brand. That compares to 7.47 a year ago (roughly the historical level) and 7.99 at the top department in terms of brand availability, H&BC. About four in 10 said that they were "sure of finding" their preferred brand.

Preference for private label, which exploded last year (to one in four consumers) fell back to earth (about one in six) in '92. The introduction of Kmart's Martha Stewart and Target's Country Estates in recent years may have caused the blip.

On the whole, consumers are not intensely brand loyal in this department. About six in 10 said they would switch brands if their preferred brand wasn't there, one of the highest rates in the store, topped only by stationery, blank videocassettes and greeting cards. People tend to buy by color and design, not brand, in this area, so the results are hardly a surprise and remain at historical levels.

In comparison to store managers' choices as top performing brands, consumers were close, naming all seven of the top seven brands as judged by managers. The rest of the managers' Top 10 were window treatment brands, which consumers didn't mention.

There was very little variation among the shoppers at the three major discounters in terms of preferred brands. Target shoppers were marginally more impressed with store brands than was the case at Kmart or Wal-Mart, and Wal-Mart shoppers tended to lump their mentions, failing to even mention St. Mary's, Dundee, Springs, or Dan River. Wal-Mart shoppers were also slightly less brand loyal than shoppers at Kmart and Target.

Domestics: Consumer Brand Preference

(Among consumers who shopped discount stores in past year)

Top Brands[1]	All Discount Stores	Wal-Mart	Kmart	Target	Rank By Store Managers[2]
Cannon	67%	72%	67%	66%	1
Fieldcrest	8	7	9	13	7
WestPoint/Pepperell	4	4	4	2	3
St. Mary's	4	—	4	4	4
J.P. Stevens	4	6	4	4	2
Martex	4	2	4	3	—
Burlington	2	2	2	—	—
Dundee Mills	2	2	2	—	—
Springs	1	—	1	—	5
Springmaid	1	—	1	—	—
Dan River	1	—	1	—	6

[1] Based upon discount store consumers' response to the question: 'If you were shopping for (product) in discount department stores, which brand of that product would you want?'

[2] Based upon store managers' response to the question: 'What are your best performing brands in (department)?'

Source: DSN/Leo J. Shapiro & Assoc.

Style is more *important than brand name to consumers shopping for domestics.*
(DSN photo)

Consumer Loyalty is Key in Personal Care Appliances

The world of personal care appliance brands is rather finite in the eyes of the consumer, based on a survey of consumers by *DSN*. The big name brands dominate—Conair, Vidal Sassoon, Norelco, and Clairol, plus a handful of others—and few other labels came to mind among those surveyed.

More than six out of 10 consumers have a preferred brand in personal care appliances—about the same level as for housewares. But unlike housewares and many other categories, brand preference is highly concentrated among the Top 10 consumer brands. In all, only 14 brands were named by at least 1% of all those surveyed who had a brand preference in personal care appliances, and only 8% supplied any other brand name.

The highly price competitive personal care appliance category has led each of the nation's top three discounters to offer brands that the others do not. While this can be said of other categories, the brand differentiation is especially pronounced in this category.

For instance, while Braun was named by only 4% and 5% of Kmart and Wal-Mart shoppers, respectively, as a brand they would shop for, 14% of Target customers named the brand. Conversely, 32% of Wal-Mart shoppers and 30% of Kmart shoppers named Conair, while about half as many Target customers said Conair is a brand they would prefer to buy.

Clairol, Remington, General Electric and Sunbeam were among those brands which were more evenly mentioned by shoppers of in these stores, and of discounters as a whole.

Windmere and Black & Decker are two brands which, while not on the Top 10 list of preferred consumer brands overall, did have a following among Target shoppers.

The importance of the top brands in the eyes of the consumer is intensifying, but the degree to which they differentiate among these top brands is at an all-time low, based on the *DSN* study. The number of consumers who would be willing to switch brands rather than skip the purchase altogether was at the highest level during the past five years. Last year, 46% of consumers said they would switch brands rather than defer the purchase of a personal care appliance, but the number willing to switch jumped to 57% in the 1992 study.

At the same time, consumers were very confident of finding the brands they want in the personal care department compared with most other merchandise categories. Of consumers surveyed, 47% said they were certain they would find the brand they wanted and 41% were fairly sure. Less than 10% were unsure. Examples of the level of uncertainty in other hard lines or home products categories reached 16% in glassware and dishes, 19% in stationery, 14% in household cleaners, 16% in toys and soft drinks. In soft goods, it was common for 25% or more to be unsure of finding their preferred brands in a discount store.

Personal Care Appliances: Consumer Brand Preference

(Among consumers who shopped discount stores in past year)

Top Brands[1]	All Discount Stores	Wal-Mart	Kmart	Target	Rank By Store Managers[2]
Conair	26%	32%	29%	18%	1
Vidal Sassoon	18	20	16	23	3
Norelco	13	9	12	7	5
Clairol	12	15	12	15	2
Remington	9	9	8	8	4
Braun	8	5	4	14	9
General Electric	8	8	9	8	10
Sunbeam	6	6	6	6	—
Water-Pik	4	3	4	—	—
Gillette	3	2	3	4	—

[1] Based upon discount store consumers' response to the question: 'If you were shopping for (product) in discount department stores, which brand of that product would you want?'

[2] Based upon store managers' response to the question: 'What are your best performing brands in (department)?'

Source: DSN/Leo J. Shapiro & Assoc.

Tide Rolls On as Tops in Cleaners Category

While Tide continues to head a very long list of brands in the household cleaner and chemical category, and with a comfortable lead, consumers named 40 brands that they look for when shopping at a discount store.

After Tide, the brand preference numbers for the other 39 brands are so close it is difficult to determine a precise ranking.

The results were similar to the store manager survey conducted for *Discount Store News*. (Results were published in the Oct. 5 issue of *DSN*.) Managers listed 51 top performing brands in their survey, with Tide and Clorox in the first and second spots, and the rest following in a tight pack.

In addition, 23% of consumers mentioned a brand other than those specifically identified in the Top Brands Survey. Store brand/private label received a small level of response, less than 3% overall, but was mentioned by 5% of Target customers. None of the chains' new control label merchandise, such as Kmart's Prevail, was identified by consumers as a brand they look for, although Kmart managers specifically mentioned the new brand as a top performer in the companion store managers' survey conducted for *DSN*.

This year, as in previous top brands surveys, consumers revealed a strong preference for branded household chemicals (91%), and a very high level of confidence in finding what they want at retail stores.

Consequently, they have little preference for private label cleaners. Just 3% of respondents expressed such a preference, down from 4% in 1991.

Apparently, the large assortment of household cleaners offers consumers the ability to switch brands if their preferred label is unavailable.

Household Cleaners: Consumer Brand Preference

(Among consumers who shopped discount stores in past year)

Top Brands[1]	All Discount Stores	Wal-Mart	Kmart	Target	Rank By Store Managers[2]
Tide	29%	27%	30%	28%	1
Dawn	12	15	12	9	10
Clorox	12	14	13	6	2
Lysol	10	8	9	12	6
Ajax	10	9	10	11	—
Windex	9	10	7	8	4
Comet	8	7	8	7	—
PineSol	6	6	6	10	—
Wisk	6	7	7	5	—
Colgate-Palmolive	6	6	6	5	—

[1] Based upon discount store consumers' response to the question: 'If you were shopping for (product) in discount department stores, which brand of that product would you want?'

[2] Based upon store managers' response to the question: 'What are your best performing brands in (department)?'

Source: DSN/Leo J. Shapiro & Assoc.

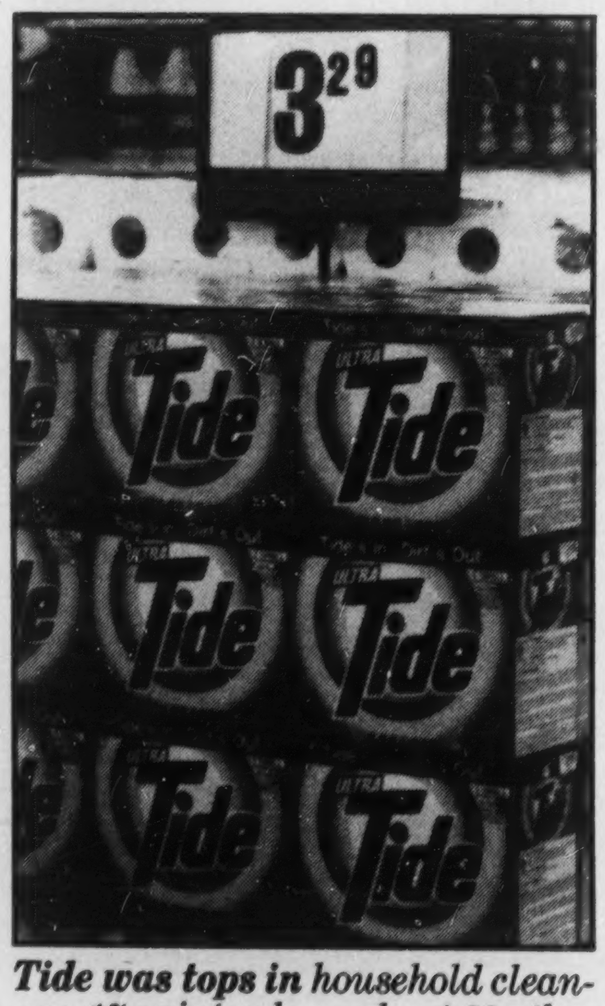
Over half, 54%, said they would switch brands if they couldn't find the one they were looking for, up one percentage point from last year.

Although this result leaves 46% of the shoppers saying they would skip the purchase entirely, apparently consumers are quite satisfied with the assortments offered to them.

According to survey responses, 53% of consumers are completely certain of finding the household cleaner they are shopping for, up from 47% a year ago. Only 14% of shoppers said they are unsure of finding their preferred brand.

On a scale of 1 to 9, with 1 meaning no confidence in finding products and nine meaning total confidence in finding products, consumers rated their confidence in the cleaners category at 7.69. This percentage is higher than all but four categories: cosmetics, personal care appliances, blank video-cassettes and film.

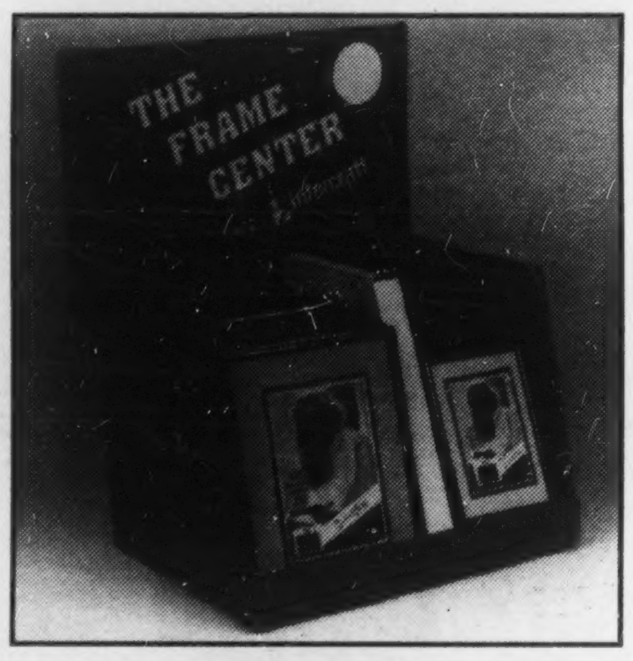
The array of brands that tops consumers' shopping lists closely resembles that of previous years, but varies by discount store chain.


Tide was tops in household cleaners, 17 points above about 30 other brands clustered closely together.

More Kmart shoppers seek out Tide than do frequent visitors to other discount stores—30%—compared to 28% and 27%, respectively, for frequent visitors to Target and Wal-Mart. Dawn and Clorox are in the No. 2 spot at Kmart, followed by Ajax and Lysol.

At Wal-Mart, Dawn is ranked in the second position. Clorox, Windex and Ajax follow.

Lysol is second at Target followed by Ajax, PineSol and Clorox.



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Consumers Focus on Name Brand Photo, Camera

When consumers shop for photo and camera supplies all they'll consider is name brand equipment.

Virtually all (99%) of shoppers in this survey said they have a brand preference in the photo, camera category, greater than every merchandise category but film—a separate category this year—which also has a brand preference of 99%.

Brand preference is so keen in photo, camera that no shopper participating in this survey expressed any interest at all in private label products. In addition, consumers are so specific about their photo and camera needs that two-thirds the respondents said they would skip the purchase entirely if the brand they want is unavailable. Only one-third said they would switch brands, the lowest switch rate in the survey.

The brand consumers look for most in photo and camera is Kodak. However, Kodak lost its overwhelming lead in the category this year since film has been examined in a separate survey.

Despite this, Kodak maintains its No. 1 position in photo and camera with a little less than three in 10 consumers saying that it is a brand they look for at retail.

Last year, when film was included in the survey, eight of 10 consumers said Kodak was the brand they looked for in film and photo supplies.

Canon, No. 5 last year, jumped into second in the current survey with nearly one fourth of consumers saying they shop for Canon products in the photo and camera department, up from just one in 20 who said that in 1991. Canon is the leading power brand of discount store retailing, edging out Kodak, which came in second. Kodak, however, is a power brand in three categories: film, photo and camera, and blank videocassettes.

Photo, Camera: Consumer Brand Preference

(Among consumers who shopped discount stores in past year)

Top Brands[1]	All Discount Stores	Wal-Mart	Kmart	Target	Rank By Store Managers[2]
Kodak	29%	30%	31%	27%	1
Canon	24	22	24	27	2
Minolta	21	24	22	18	4
Pentax	10	12	10	14	5
Nikon	8	7	9	7	7
Polaroid	5	5	5	3	3
Olympus	4	3	4	5	9
Vivitar	3	2	2	3	6
Panasonic	2	3	2	2	—
Yashica	1	2	1	2	—

[1] Based upon discount store consumers' response to the question: 'If you were shopping for (product) in discount department stores, which brand of that product would you want?'

[2] Based upon store managers' response to the question: 'What are your best performing brands in (department)?'

Source: DSN/Leo J. Shapiro & Assoc.

In third place is Minolta, with 21% of consumers saying it is a brand they shop for in this category, a huge increase from the 1991 survey when only 2% of consumers named Minolta.

This year, with film excluded from photo and camera, the top brands list includes five brands new to the list: Pentax, in fourth with one in 10 consumer responses; Nikon, in fifth with 8% of consumers; Olympus in seventh with 4%; Vivitar, in eighth and 3%; and Yashica in 10th with 1%.

Polaroid, No. 2 last year with 6% of consumer responses, fell to sixth place this year, but with 5% of shopper mentions.

Consumers who identified themselves as either Kmart or Wal-Mart shoppers put Kodak as No. 1., but Target shoppers gave the edge to Canon. Minolta was third among Target shoppers followed by Pentax, Nikon and Olympus.

Nearly a third of Kmart shoppers said they look for Kodak photo and camera supplies, the largest endorsement of a brand in this category, followed by Canon, which edged out Minolta for second, Pentax in fourth and Nikon in fifth.

Kodak was No. 1 among Wal-Mart shoppers but Minolta edged out Canon for the No. 2 spot, followed by Pentax in fourth and Nikon in fifth.

In photo & camera, Kodak ranked No. 1 with consumers, but lost its overwhelming lead this year since film brands were examined in a separate category.

Film Consumers Demand Top Brands; Kodak Dominates

While brand preferences always have some impact on buying decisions, in no other category was it so clear than with film brands.

So clear, in fact, that the category had the highest degree of brand preference of all categories in *DSN*'s Top Brands Consumer Survey, with 99% of discount store shoppers stating that they have a particular brand in mind when they shop.

Besides having a brand in mind when they went into the store to shop, seven out of 10 consumers were confident that they would find what they were looking for when they shopped.

And most often, that brand was Kodak.

On a chain by chain basis, Kodak led across the board with nine out of 10 consumers naming it as a preferred brand in film at both Kmart and Wal-Mart and a little more than eight out of 10 consumers naming it as a preferred brand at Target.

Kodak's dominance with consumers is further illustrated when comparing it to the second and third preferred brands, Fuji and Polaroid, respectively.

Fuji was preferred by 12% of shoppers overall with the same amount of consumers naming it as a favorite brand at Wal-Mart, Kmart and Target. Polaroid was preferred by a very small number of consumers. Rounding out the list was Scotch/3M, Duracell, Sony, Canon, Eveready and private label brands all which got a smattering of mentions.

Preference for private label brands, while big in categories like hardware and ladies' apparel, was only mentioned by 1% of consumers.

The 1% of consumers who said that they buy private label may be deceiving because many times consumers go into the store wanting to buy a brand name but when they compare prices, they decide to buy the private label brand instead.

Film: Consumer Brand Preference

(Among consumers who shopped discount stores in past year)

Top Brands[1]	All Discount Stores	Wal-Mart	Kmart	Target	Rank By Store Managers[2]
Kodak	90%	90%	91%	86%	1
Fuji	12	11	12	12	3
Polaroid	4	4	4	4	2
Scotch/3M	1	1	1	1	4
Duracell	1	1	0	1	6
Sony	0	0	1	0	—
Canon	0	0	0	0	7
Eveready	0	0	0	1	—
Other	1	2	2	1	—
Store Brand/Private Label	1	1	1	2	—

[1] Based upon discount store consumers' response to the question: 'If you were shopping for (product) in discount department stores, which brand of that product would you want?'

[2] Based upon store managers' response to the question: 'What are your best performing brands in (department)?'

Source: DSN/Leo J. Shapiro & Assoc.

Less Brand Loyal

When consumers were asked the question, "If you didn't find the brand you wanted, would you be likely to buy another brand instead or skip making the purchase at this store?" four out of 10 said they would be willing to switch brands. It seems that consumers who buy film are less brand loyal than the three out of 10 consumers in the photo, camera category who said that they would switch brands if they didn't find what they wanted.

This in part might be attributed to the fact that many times film is bought on an as needed basis and consumers can't wait until a retailer gets the brand they want. They give much more thought to higher-ticket items like cameras and, therefore, will wait until the brand they want is in stock.

The leading brands in consumer preference were very similar to the top brands in retail performance, based on a survey of discount store managers (see *DSN*, Oct. 5). Six brands were among the Top 10 in both surveys. Focal, a Kmart private label brand, was named only by store managers, and Sony landed only on the consumers' list.

disc
35mm
400 SPEED
200 SPEED
Kodak
110
200 SPEED

***This prominent Kodak display** at Kmart in Southbury, Conn., reflects Kodak's top brand status among film consumers.*

Sports Brand Preference Rises

Shoppers for sporting goods showed themselves a bit more brand conscious on this year's Top Brands Survey of consumers than they were in 1991.

And they agreed with store managers on the top three brands, Spalding, Wilson and Coleman, although they ranked Spalding No. 1, just 1.5 percentage points ahead of Wilson.

In comparison, store managers ranked Spalding a distant No. 3 behind Wilson and Coleman, suggesting that store -level support for the brand lags behind consumer preferences.

Moreover, none of the top three dominated the consumers Top 10 list, as they did on the survey of manager preferences, indicating that consumers' brand preferences still are as fragmented as they were last year.

Consumers also picked as their preferred brand three other brands that also made the manager's Top 10 list, Zebco, Remington and Rawlings, for a 60% correlation rate.

In 1991, the top three consumer choices were: Wilson, Spalding and Zebco, with Coleman No. 5.

On the 1992 survey of 368 consumers, 67% expressed a preference for a specific brand of sporting goods, up from 56% on last year's survey. A tiny percentage, 4%, said they preferred private label goods, essentially unchanged from 3% in 1991.

Consumers expressed a higher expectation of finding their favorite brand, with 35% saying that they were sure of finding it, up from 28% in 1991, but still a relatively low percentage, compared to other categories.

But a higher percentage also said that they would be willing to switch to another brand if their favorite brand was not available, 46%, against 39% in 1991.

Of the two thirds of consumers who expressed a brand preference, 17.1% named Spalding, 15.5% Wilson, and 7.5% Coleman.

In contrast, 52% of store managers named Wilson as one of their top performing brands, followed by 47% who cited Coleman. And support among store managers for Spalding held at last year's level, 30%.

Those who shopped at Wal-Mart during the past year prefer Wilson by a few more percentage points, than do Kmart and Target shoppers.

But consumer preference for Spalding and Coleman was virtually identical among shoppers at all of the Big Three.

As in 1991, the other seven brands that filled out the Top 10 list were clustered in such a narrow range of consumer preference, 3.7% to 6.3, that distinctions between them are minimal.

On the consumer preference list, two athletic shoe brands made the Top 10. Nike, which the Big Three discount chains can't get direct, got 6.3% of consumer brand choices, for a No.4 spot, while Reebok garnered 4.4% for the No. 8 slot.

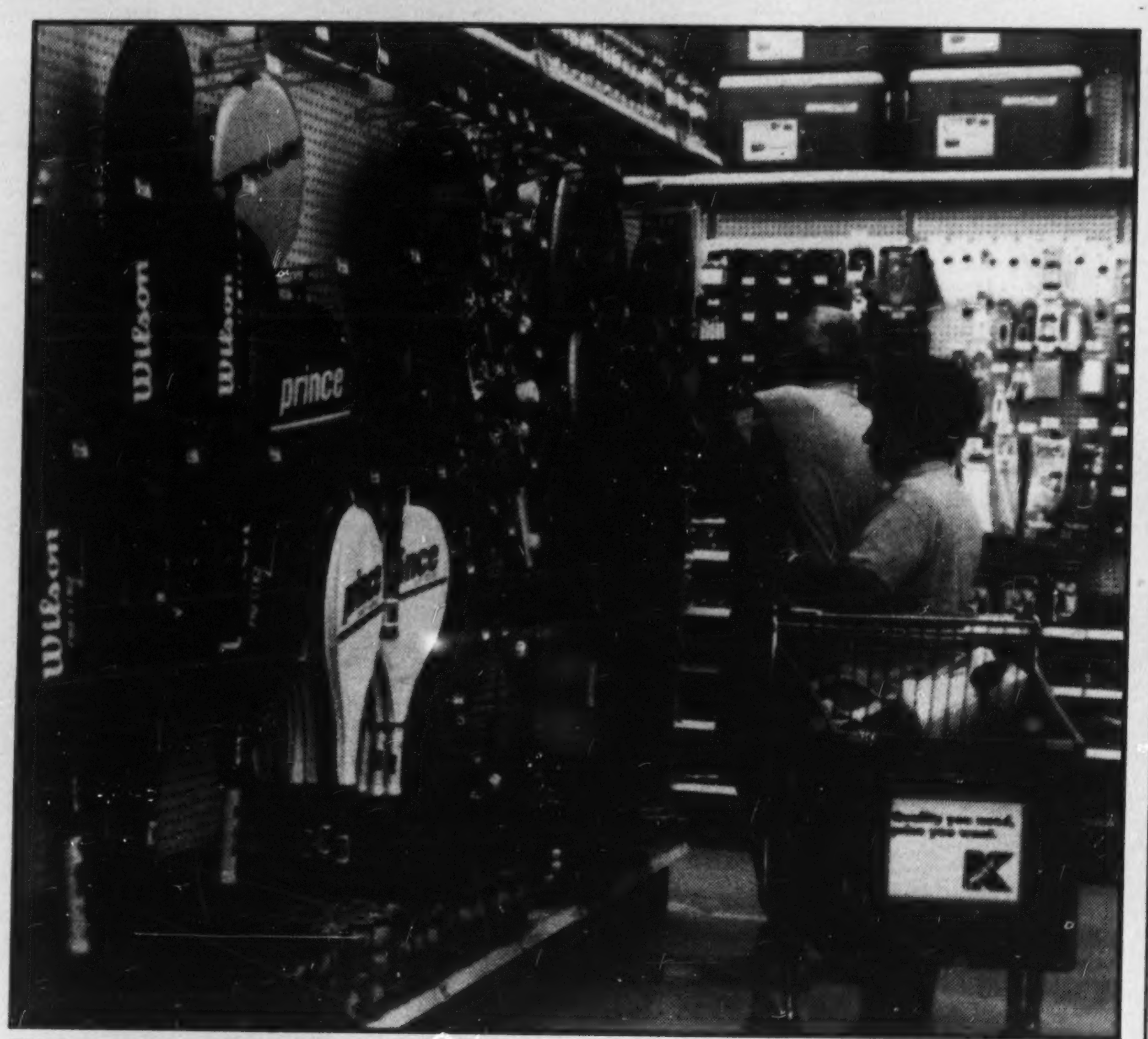
Two ball brands also made the consumer preference list, Titleist (golf), No. 7 and 5%, and Penn (tennis), No. 10 and 3.7%.

Rounding out the Top 10 list were: Zebco, No. 5 and 6.0% and Rawlings, No. 9 and 4.1%.

Thanks to vigorous support from retailers, Wilson performed well on the power brand rankings, moving up to No. 14 out of 37 discount brands in all categories.

In a rating that measures combined support from both retailers and consumers, Wilson got an index rating of 230 on a scale where 100 is normal support.

Spalding got an index rating of 187, but Coleman, lacking strong support from consumers, failed to make the cutoff index of 110 to qualify as a power brand.


Wilson brand products, shown here at Kmart, Southbury, Conn., ranked high in both consumer preference and store level performance.

Sporting Goods: Consumer Brand Preference

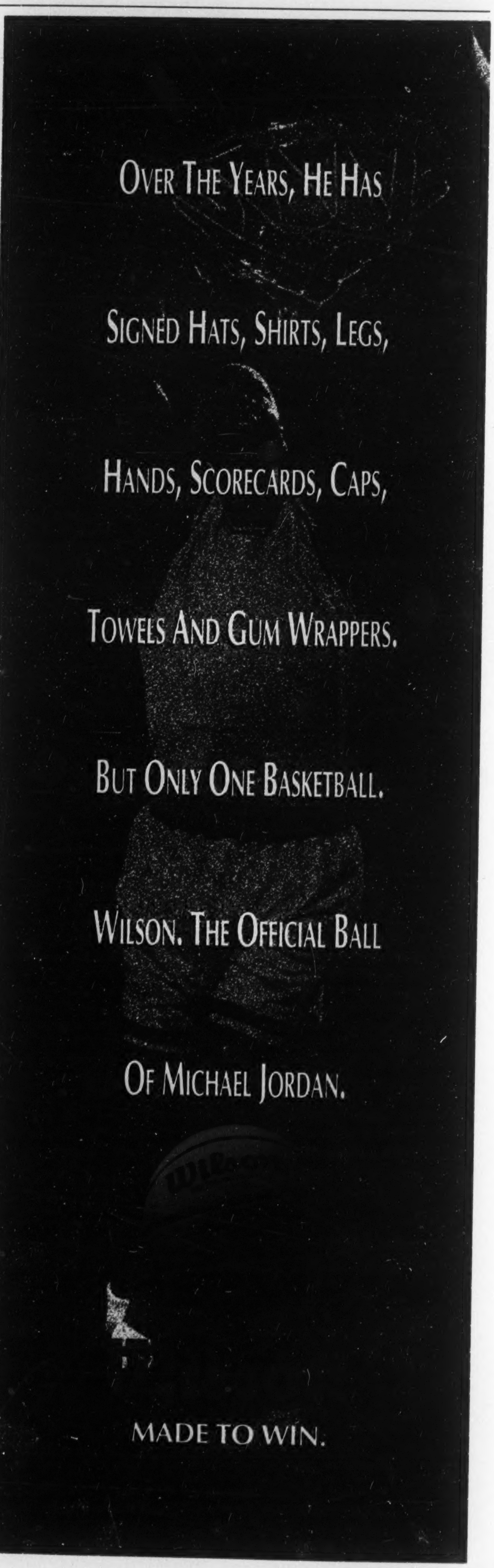
(Among consumers who shopped discount stores in past year)

Top Brands[1]	All Discount Stores	Wal-Mart	Kmart	Target	Rank By Store Managers[2]
Spalding	17%	17%	17%	17%	3
Wilson	16	20	15	18	1
Coleman	8	7	7	7	2
Nike	6	5	6	6	—
Zebco	6	9	6	3	4
Remington	6	8	5	5	9
Titleist	5	5	6	6	—
Reebok	4	3	4	7	—
Rawlings	4	3	5	3	8
Penn	4	4	5	3	—

[1] Based upon discount store consumers' response to the question: 'If you were shopping for (product) in discount department stores, which brand of that product would you want?'

[2] Based upon store managers' response to the question: 'What are your best performing brands in (department)?'

Source: DSN/Leo J. Shapiro & Assoc.



Pennzoil Revs Up in Automotives

Quaker State, which led the 1991 Top 10 list of brands that discount store consumers prefer, fell to fifth place on the '92 survey, while Pennzoil picked up a bit of support to capture the No. 1 spot.

And Havoline has yet to register as well with consumers as it does with store managers.

Only 5% of consumers named Havoline as their preferred brand to place it No. 7 on the Top 10 list. In comparison, 37% of store managers named it as one of their top performing brands, placing it No. 2 on their list.

Consumers continued to register their strong preferences for branded automotive products, with 80% expressing a brand preference, compared to 67% for sporting goods and 59% for hardware.

At the same time, a substantial percentage, 15.3%, said they preferred a private label product, about half the 31% for hardware, but far above the 4% for sporting goods.

Consumer confidence in finding their favorite automotive brands jumped this year, with 54% of those surveyed saying they were sure of being able to find their favorite brands from 41% last year.

About 47% said they would switch to another brand.

Despite differences in relative rankings, nine automotive brands made both the consumer and store managers' Top 10 lists: Pennzoil, Fram, Vavoline, Castrol, Quaker State, Turtle Wax, Havoline and Mobil and AC-Delco, which tied for No. 10 on the store managers' list.

The exception was Armor All, which made the consumer preference list but dropped off the store manager's Top 10 list of brands they consider their top performers.

Pennzoil, which virtually

(Continued on page 52)

Automotives: Consumer Brand Preference

(Among consumers who shopped discount stores in past year)

Top Brands[1]	All Discount Stores	Wal-Mart	Kmart	Target	Rank By Store Managers[2]
Pennzoil	21%	24%	22%	28%	1
Fram	14	16	15	16	3
Valvoline	13	12	11	19	6
Castrol/Castroil	12	11	12	12	8
Quaker State	11	11	12	10	4
Armor All	8	9	9	8	—
Turtle Wax	7	5	7	8	9
Havoline	5	7	7	2	2
AC Delco	4	4	5	2	—
Mobil	4	5	3	3	10

[1] Based upon discount store consumers' response to the question: 'If you were shopping for (product) in discount department stores, which brand of that product would you want?'

[2] Based upon store managers' response to the question: 'What are your best performing brands in (department)?'

Source: DSN/Leo J. Shapiro & Assoc.

Stanley, B&D Nail Most Support

Stanley and Black & Decker continue to vie for top ranking on the consumer survey of preferred brands, drawing to a virtual dead heat this year. And they continue to dominate the category, each drawing three times as much expression of consumer preference as the brand holding the No. 3 spot, General Electric.

In power brand standings, Stanley drew an index ranking of 330, No. 5 among all 37 power brands, compared to 320 for Black & Decker.

The power brand standing is a combined index of acceptance among both retailers and consumers, where 100 is the average acceptance. With indexes of more than 300, both Stanley and B&D thus have won three times the normal acceptance for a discount store brand.

Moreover, the last seven brands on the Top 10 list drew only 1% to 5% of consumer preferences, including four last place ties of 1%. Given the survey's margin of error of plus or minus 3%, their relative rankings on the Top 10 are statistically shaky, although, of course, they did make the list.

An explanation for the scant support given most brands on the Top 10 list is that almost a third of consumers, or 31%, said they preferred private label hardware products over brand names. That is the high-

(Continued on page 52)

Hardware: Consumer Brand Preference

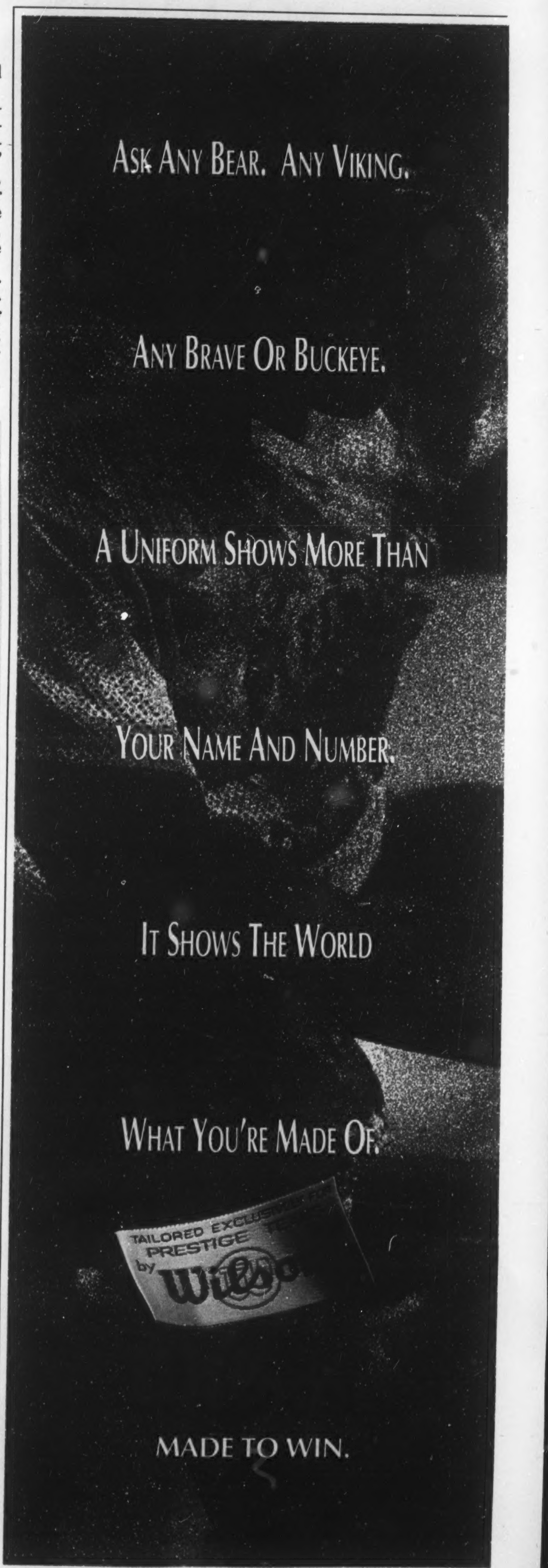
(Among consumers who shopped discount stores in past year)

Top Brands[1]	All Discount Stores	Wal-Mart	Kmart	Target	Rank By Store Managers[2]
Stanley	22%	23%	21%	18%	2
Black & Decker	21	20	23	23	1
General Electric	7	7	7	12	4
Sherwin Williams	5	4	6	3	—
Glidden	4	6	5	5	3
Skil	3	5	3	2	5
Master	2	1	2	2	—
Benjamin Moore	2	1	1	—	—
Lucite	1	—	1	—	—
Homelite	1	1	1	2	—

[1] Based upon discount store consumers' response to the question: 'If you were shopping for (product) in discount department stores, which brand of that product would you want?'

[2] Based upon store managers' response to the question: 'What are your best performing brands in (department)?'

Source: DSN/Leo J. Shapiro & Assoc.



Hallmark Caps Cards for 3rd Year

Consumers seem resigned to the fact that they cannot buy Hallmark greeting cards at discount stores, and will switch to any brand offered, but still prefer Hallmark, according to the 1992 Top Brands Survey of discount store shoppers.

For the third year, consumers repeated their preference for Hallmark cards. In fact, more consumers this year than in 1991 stated a preference for Hallmark cards than other brands.

Overall, more than three-fourths (77%) of consumers in the consumer brands survey said the greeting card brand they prefer is Hallmark, compared to 76% a year ago.

Despite this, discount store shoppers in search of Hallmark cards know they will not find them. When asked how likely they were of finding the greeting card brand they want at the discount store they shopped at most, only 37% said they were certain, among the lowest confidence rates in the survey. Twenty-three percent said they were not sure. Thirty-seven percent were sure of finding the brand they want.

Answers were measured on a scale of 1 to 9—1 meaning they are uncertain and 9 meaning they are certain—of finding the preferred brand.

On the scale, card shoppers have a mean confidence of 6.89, down from 7.66 last year.

Exactly why or how consumers came to understand that Hallmark is not available through mass market outlets is uncertain. But it appears that as recently as a year ago shoppers seemed unaware that they would not find Hallmark at their local discount store.

(Continued on page 56)

Greeting Cards: Consumer Brand Preference

(Among consumers who shopped discount stores in past year)

Top Brands[1]	All Discount Stores	Wal-Mart	Kmart	Target	Rank By Store Managers[2]
Hallmark	77%	78%	78%	75%	5
American Greetings	16	19	16	20	1
ShoeBox	7	4	6	9	7
Ambassador	2	—	2	3	2
Forget-Me-Not	2	2	2	1	—
Sangamon	1	1	1	—	3
Other	1	—	2	—	—
Private Label	1	—	1	—	—

[1] Based upon discount store consumers' response to the question: 'If you were shopping for (product) in discount department stores, which brand of that product would you want?'

[2] Based upon store managers' response to the question: 'What are your best performing brands in (department)?'

Source: DSN/Leo J. Shapiro & Assoc.

Brand Switching Up in Stationery

For discounters, stationery shoppers are a dream come true: they want branded merchandise but are not particular about whose name is on the label.

According to results of the consumer brands survey, stationery shoppers have both the lowest preference for branded merchandise of all 22 categories and the highest willingness to switch brands.

Just 39% of this year's respondents said they have brand preferences in stationery, down from 46% a year ago.

Of shoppers surveyed, 77% said they would switch brands rather than skip a purchase, up from 72% in 1991.

Obviously, the needs of stationery shoppers are easily met, but not always satisfied. These consumers have brand preferences and they are less confident than a year ago about finding what they seek at their discount store.

When asked to measure their confidence in finding the brands they want on a scale of 1 to 9 with 1 meaning no confidence and 9 meaning total confidence, only 48% said 9, down from 61% last year. The overall confidence rating was 7.53 on the nine-point scale, down from 7.92 in 1991. Last year's mean confidence rating was the second highest for all merchandise categories studied. This year, stationery is ninth, tied with toys.

In addition, stationery shoppers are less interested in private label products than a year ago. Now, just 3% of the discount store consumers surveyed expressed a preference

(Continued on page 56)

Stationery: Consumer Brand Preference

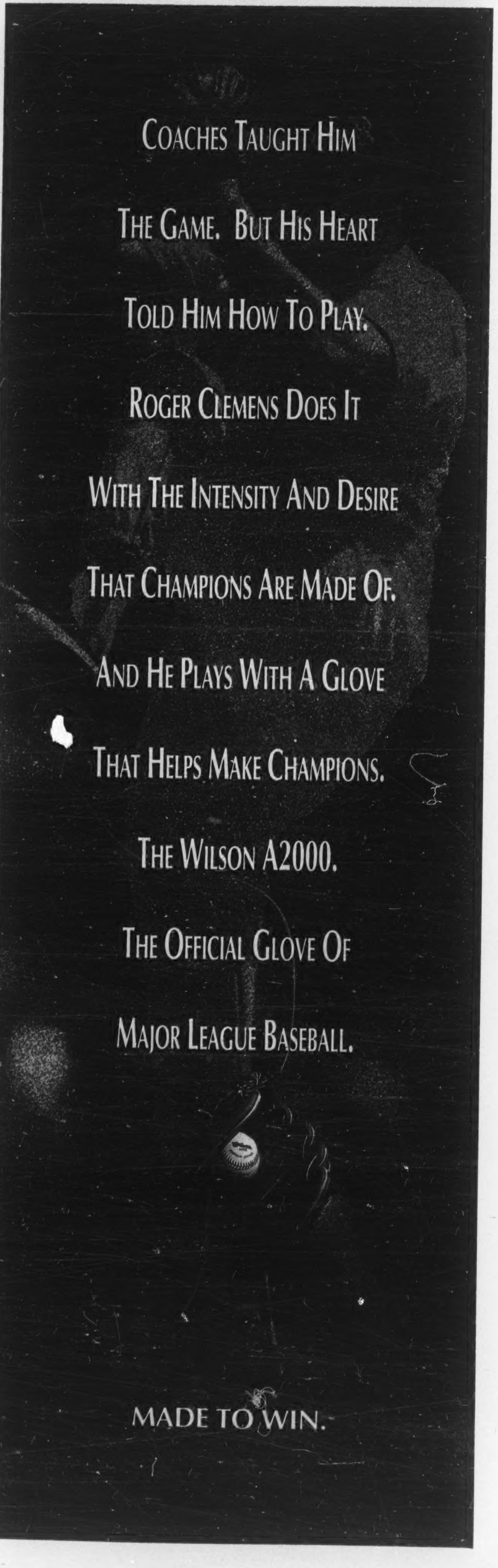
(Among consumers who shopped discount stores in past year)

Top Brands[1]	All Discount Stores	Wal-Mart	Kmart	Target	Rank By Store Managers[2]
Mead	29%	30%	30%	33%	1
Hallmark	19	19	21	10	—
Bic	17	22	18	17	2
Papermate	5	5	6	3	3
American Greetings	5	5	5	10	—
Scotch/3M	4	5	5	7	6
Parker	4	3	—	7	9
Sangamon	3	5	3	3	—
Schaffer/Eaton	1	—	2	3	—
Scripto	1	—	2	—	—

[1] Based upon discount store consumers' response to the question: 'If you were shopping for (product) in discount department stores, which brand of that product would you want?'

[2] Based upon store managers' response to the question: 'What are your best performing brands in (department)?'

Source: DSN/Leo J. Shapiro & Assoc.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Colgate and Crest Shine in H&BC

As far as consumers are concerned, the top item in health & beauty care continues to mean just one type of product and a choice between two brands. The product is toothpaste and the brands are Colgate and Crest.

This year's probe of consumer shopping had Colgate in the top spot, displacing Crest, which had been No. 1 for the previous four years.

However, the difference in the overall listing for the duo is statistically insignificant, 12% for Colgate and 10% for Crest, with the two brands in a tie at 13% among Wal-Mart shoppers. There was only a three percentage point difference among Kmart and Target shoppers, with customers at the latter actually preferring Crest.

But the two products' dominance in the past few surveys masks the product and brand switching that is common in the category. All the other brands—72 were cited in the current survey—have shown up only sporadically as Top 10 performers, their standing often reflecting promotional support from manufacturers.

Such backing is vital, as H&BC continually ranks high as a department in which consumers believe they will find the brands they want. It also tends to be listed lower among the categories in which they would be willing to switch brands rather that shop elsewhere for a product.

The volatile nature of the H&BC category is evident from the eight other products that made this year's top listing. The next two brands—Gillette and Tylenol—weren't on the Top 10 list in previous years, except for Gillette's ranking as No. 5 in 1989. During the past five years, Mennen and Johnson & Johnson were listed among the Top 10 brands three times, Suave twice and Right Guard once, while White Rain is appearing for the first time on this ranking.

Consumers continually use H&BC products and the result is little statistically significant difference in the percentage preferences for the various brands and types of products that made the top listing. Overall, Gillette and Tylenol are tied at 8%, while Mennen and Dove each have a 6% preference percentage and White Rain and Right Guard are at 4%.

(Continued on page 54)

Health & Beauty Care: Consumer Brand Preference

(Among consumers who shopped discount stores in past year)

Top Brands[1]	All Discount Stores	Wal-Mart	Kmart	Target	Rank By Store Managers[2]
Colgate	12%	13%	12%	11%	3
Crest	10	13	9	14	1
Gillette	8	7	9	5	—
Tylenol	8	6	9	7	4
Suave	7	6	6	5	2
Mennen	6	7	5	5	—
Dove	6	5	6	11	—
White Rain	4	4	5	1	6
Right Guard	4	4	4	4	—
Johnson & Johnson	3	1	3	2	4

[1] Based upon discount store consumers' response to the question: 'If you were shopping for (product) in discount department stores, which brand of that product would you want?'

[2] Based upon store managers' response to the question: 'What are your best performing brands in (department)?'

Source: DSN/Leo J. Shapiro & Assoc.

Mattel Makes Play for No. 1 Spot

Discount store shoppers are very brand oriented when it comes to toys and more confident than last year that they'll find what they are looking for.

Three-quarters of consumers said they have a brand preference when shopping for toys, up seven percentage points from 1991. They also said they are very confident about finding specific toys on their shopping list.

In fact, when shoppers were asked to measure their confidence on a scale of 1 to 9 with 9 meaning they are most confident, 45% said they were sure they would find what they were looking for at their discount store, up from 44% in 1991.

In total, response levels produced a confidence rating of 7.53 for toys, up from 7.35 a year ago.

However, brand loyalty is a bit shaky with toy consumers. In many cases, consumers

(Continued on page 54)

Toys: Consumer Brand Preference

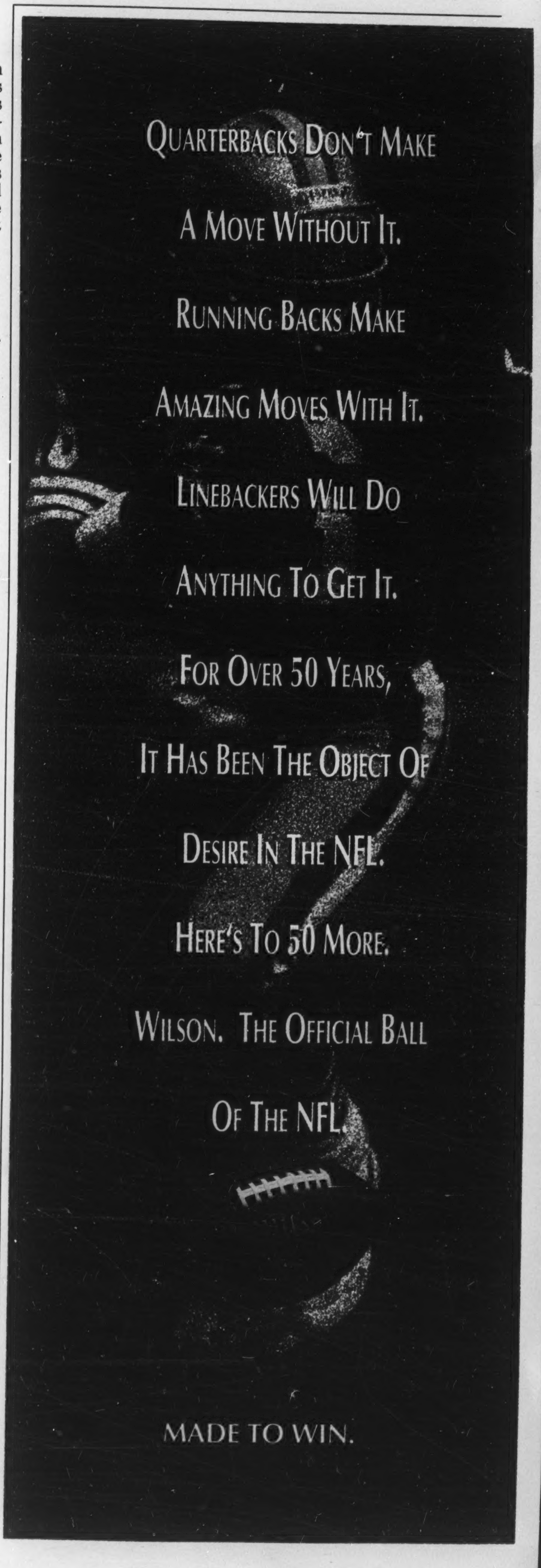
(Among consumers who shopped discount stores in past year)

Top Brands[1]	All Discount Stores	Wal-Mart	Kmart	Target	Rank By Store Managers[2]
Mattel	29%	30%	30%	37%	2
Fisher-Price	19	22	18	25	1
Nintondo	12	12	12	17	—
Ninja Turtles	10	12	12	12	—
Parker Brothers	5	4	5	7	10
Tonka	5	7	5	5	—
Milton Bradley	5	5	4	9	5
Lego	4	4	5	5	6
Little Tikes	4	5	4	9	4
Playskool	3	1	4	3	3

[1] Based upon discount store consumers' response to the question: 'If you were shopping for (product) in discount department stores, which brand of that product would you want?'

[2] Based upon store managers' response to the question: 'What are your best performing brands in (department)?'

Source: DSN/Leo J. Shapiro & Assoc.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Mainstays Dominate Consumers' Food Choices

Hershey's regained its hold on the top spot in the food, candy and snacks category in *DSN's* Top Brands Consumer survey after falling to No. 2 last year.

In a major change from last year's ranking, three brands, M&M/Mars, Brach's and Snickers tied for the No. 2 position. Snickers had been No. 1, while M&M/Mars had been tied for the second spot and Brach's was tied for No. 5.

Despite the changes in rankings, consumers overall retain a strong brand loyalty. Ruffles is the only brand that is new to the Top 10 listing, with all the other products having made the chart in the past. Frito-Lay, in fact, was No. 4 last year, while Lays was fifth and Nabisco was No. 10.

This year 30 different brands were cited by name. Consistency in consumer preference for food, candy and snacks denotes the strong appeal specific tastes have established. Consumers had little preference for private label candy and snacks and high expectations that they would find their specific brands in discount stores.

At the same time, shoppers continued to indicate a strong willingness to switch brands to get the type of product and taste they want. Just under six in 10 said they would switch while only 45% asserted they would skip making a purchase if they couldn't find what they wanted. Indicative of the readiness to buy some food, candy or snack, the top 10 brands are mostly clustered among a few products: chocolate candies, potato chips and snack cakes.

America's sweet tooth was responsible for four chocolate brands leading the rankings and capturing two other spots, while the desire for salty snacks enabled the two potato chip brands to each receive the same 4% preference percentage.

The listing actually contains 11 brands as there was a five-way tie for the seventh.

Despite close percentages, significant changes occurred. Snickers was the dominant brand last year, with twice the preference rating of the No. 2 product, Hershey. Planters, Milky Way and Ruffles weren't on the list and Brach's moved up to tie for No. 2.

While consumers indicated a strong preference for a brand—the overall figure was 84%—the percentage varied among shoppers at the major discounters. It was highest at Kmart, 86%, followed by Target, 83%, and then 80% at Wal-Mart.

The major difference between the overall standing and the specific performance at the Big Three discounters was Little Debbie snack cakes. It was in a five-way tie for No. 7 on the overall ranking but showed up higher at Wal-Mart, tied for No. 5.

Missing from this year's chart are two brands that made last year's listing: Keebler, which was No. 7, and Reese's, which was No. 10.

Food, Candy, Snacks: Consumer Brand Preference

(Among consumers who shopped discount stores in past year)

Top Brands[1]	All Discount Stores	Wal-Mart	Kmart	Target	Rank By Store Managers[2]
Hershey's	11%	10%	12%	12%	2
M&M/Mars	8	9	8	8	1
Brach's	8	9	8	9	—
Snickers	8	9	7	7	9
Planters	6	7	6	7	7
Lays	6	7	6	4	—
Milky Way	4	4	5	4	—
Ruffles	4	4	5	4	—
Frito-Lay	4	3	3	5	3
Nabisco	4	5	4	4	4
Little Debbie	4	7	4	5	6

[1] Based upon discount store consumers' response to the question: 'If you were shopping for (product) in discount department stores, which brand of that product would you want?'

[2] Based upon store managers' response to the question: 'What are your best performing brands in (department)?'

Source: DSN/Leo J. Shapiro & Assoc.

CHOCOLATES
m&m's
PEANUT
The POUNDER

M&M/Mars tied for second place with Brach's and Snickers in the consumer survey of top brands.

Brand Preference High in Colas; Lower in Other Beverages

Cola carbonated drinks, as expected, were consumers' favorite beverage and dominated the category, one of three new classifications added to *DSN's* Top Brands Consumer survey this year. Beverages were added as part of *DSN*'s exclusive survey of the nation's major brands as reported by discount store shoppers.

Coke and Pepsi, in that order led the listing of the new beverage category which, overall, contained a variety of carbonated and non-carbonated drinks. In past surveys, beverages had been listed as part of the foods, candy and snacks category.

The 10 leading beverages are made up of seven carbonated drinks and three non-carbonated beverages: one juice, one sports drink and one children's drink. In all, 15 different products were cited by name.

Coke's and Pepsi's dominant standing among all consumers—55% cited the former and 43% the latter—was mirrored by those shopping at Wal-Mart and Kmart. Target customers preferred Coke by a wider margin, 57%, as against the 38% who cited Pepsi. The bottom line is that each of these cola sodas was cited by about half of all consumers, while the best percentage any other drink could garner was in the single digit.

The two colas strong showing testifies to the promotional support each receives—cola beverages are among the nation's most advertised products—and the consumer appeal that results from this effort.

By comparison to consumer preference for colas, shopper interest in other beverages is flat. Among all discount store customers, 7-Up and Dr. Pepper—each of which is specifically marketed as an alternative to cola drinks—were the beverages capturing the next largest citation, 6% of the consumers surveyed, with even fewer mentions for other brands.

The more interesting differences in the performance of the top 10 brands can be found in how the beverage category is viewed by consumers and by store managers, who were the subject of the previous Top Brands report.

Of the 10 beverages mentioned by consumers, only six were cited by store managers as among their best performing brands, and the standing of those noted were much lower than the consumer rankings. 7-Up tied with Dr. Pepper for the third spot on the consumer tracking, was No. 9 on the store managers' listing and Dr. Pepper didn't make the managers' Top 10.

Gatorade's status was similar in both trackings, No. 7 among consumers and No. 5 among managers. Kool-Aid and Hi-C were at the bottom of the consumers' ranking but were Nos. 7 and 4, respectively, among managers.

Besides Dr. Pepper, Sprite, Mountain Dew and Canada Dry didn't show up among the managers' Top 10. Instead, the managers cited Ocean Spray, Sam's American Choice (a Wal-Mart private label), RC and Welch's, four beverages that didn't show up as major brands for consumers.

Beverages: Consumer Brand Preference

(Among consumers who shopped discount stores in past year)

Top Brands[1]	All Discount Stores	Wal-Mart	Kmart	Target	Rank By Store Managers[2]
Coke	55%	58%	55%	57%	2
Pepsi	43	44	43	39	1
7-Up	6	4	7	6	9
Dr. Pepper	6	8	6	7	—
Sprite	5	8	6	6	—
Mountain Dew	4	4	4	2	—
Gatorade	3	3	3	2	5
Canada Dry	2	1	3	1	—
Kool-Aid	2	1	2	1	7
Hi-C	1	2	1	1	4

[1] Based upon discount store consumers' response to the question: 'If you were shopping for (product) in discount department stores, which brand of that product would you want?'

[2] Based upon store managers' response to the question: 'What are your best performing brands in (department)?'

Source: DSN/Leo J. Shapiro & Assoc.

Stanley, Black & Decker Head Hardware List

(Continued from page 45)

est proportion of all 21 merchandise categories, with automotives and women's apparel trailing at 15%.

At the same time, 59% of consumers expressed a brand preference, up from 52% in '91.

Consumers' confidence in finding their favorite hardware brand in the store continued to erode from the 37% who said in 1988 they were sure to find it. The percentage slipped to 22% in 1992 from 26% in 1991 and 31% in 1990.

Six out of 10 consumers said they would walk out of the store if it failed to stock their favorite brand, while the other four said they would switch to another.

Of 130 consumers who named a preferred hardware brand, 22% cited Stanley, compared to 21% last year. B&D came in a close second, with 21% of consumers citing it as their favorite brand, up from 17% in 1991.

Support for Stanley was a bit weaker among Target shoppers than with Wal-Mart and Kmart customers, while B&D was a bit weaker at Wal-Mart.

GE took the No. 3 spot on the Top 10 chart with 7%.

Two paint brands that don't normally appear in discount stores, Sherwin Williams and Benjamin Moore, made the Top 10 list this year. About 5% of consumers named Sherwin Williams as their preferred brand, ranking it No. 4, while 1% named Benjamin Moore, locking it in a four-way tie for last place with Masterlock, Lucite and Homelite.

Homelite has been trying to break into discount channels of distribution. Consumers continue to hold some affection for the Lucite name, although efforts of PPG, which purchased the brand two years ago, to resurrect the brand name in discounting have yet to make their mark in the thinking of store managers.

A surprising disappearance from the list was Dutch Boy, which had gotten 4% of the consumer preferred brand citations in '91 and drew 9% of the top brand mentions from store managers this year.

Glidden and Skil again reappeared on the consumer preferred list, with 4% and 3%, respectively, of consumers giving it their nod.

On the upper half of the list, all five of brands that store managers named as their top performers also made it onto the consumer preference list: Black & Decker, Stanley, Glidden, GE and Skil.

Pennzoil, Fram Zoom to Top of Automotives List

(Continued from page 45)

tied with Quaker State for top honors last year, picked up a bit of support to garner 21% of the preferred brand rankings of consumers, compared to 19% in '92. Pennzoil thus has captured the top spot four of the last five years.

Conversely, Quaker State's standing dropped, with 11% of consumers citing it as their preferred brand, down from 20% last year.

Because more consumers split their preferred brand votes, Fram moved up to the No. 2 spot from No. 3 last year, even though only 14% of consumers named it their preferred brand this year, compared to 18% in '91.

Pennzoil thus widened the gap between its leading position and the rest of the field.

Mobil was a newcomer to this consumer list this year, as it was to the store managers' list, gaining 4% of preferred brand citations.

Motor oil brands accounted for seven out of the Top 10 brands, while Fram, noted for oil filters, accounted for an oil-related brand on the Top 10.

Only one hard parts manufacturer, AC-Delco, scored as a top brand among consumers, as it also did on the store managers' list of top brands.

Pennzoil also performed well on the power brand rating, winning an index rating of 207 on a scale where 100 equals normal acceptance of a brand among both retailers and consumers.

The other oil brands on the list of 37 power brands were: Valvoline, 122, and Quaker State, 120. Fram filters won an index rating of 135 on the power brands side of the survey.

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Consumers Play Favorites: Mattel is No. 1

(Continued from page 49)

aren't looking for a specific brand as much as a particular toy. As a result, less than half, 46%, would switch brands if they couldn't find what they were looking for, the same response as last year.

Conversely, 54% said they would skip the purchase if their brand was unavailable.

They would not choose a private label toy. Just 3% expressed a preference for private label toys, among the lowest rates in the survey.

This year, consumers said the toy brand they look for most is Mattel, the same as in 1991. Store managers, however, said their top performing toy brand is Fisher-Price, No. 2 with consumers.

Overall, seven top toy brands appeared on both the consumer and store manager top brands lists.

The biggest difference between the two lists is that Hasbro, a giant toy manufacturer whose labels include Playskool, Milton Bradley, Parker Brothers and Tonka, was mentioned by few consumers as a brand they seek. It ranked 14th among the top toy brands.

Also, Nintendo, associated by many retailers as a CE product, and Ninja Turtles, which fell off the managers' list, both received enough mentions to make the Top 10 consumer list.

Overall, the number of mentions for each toy brand named by consumers as one they seek was very small. Mattel, at the top, was mentioned by fewer than one in three consumers. Fisher-Price was mentioned by one in five shoppers.

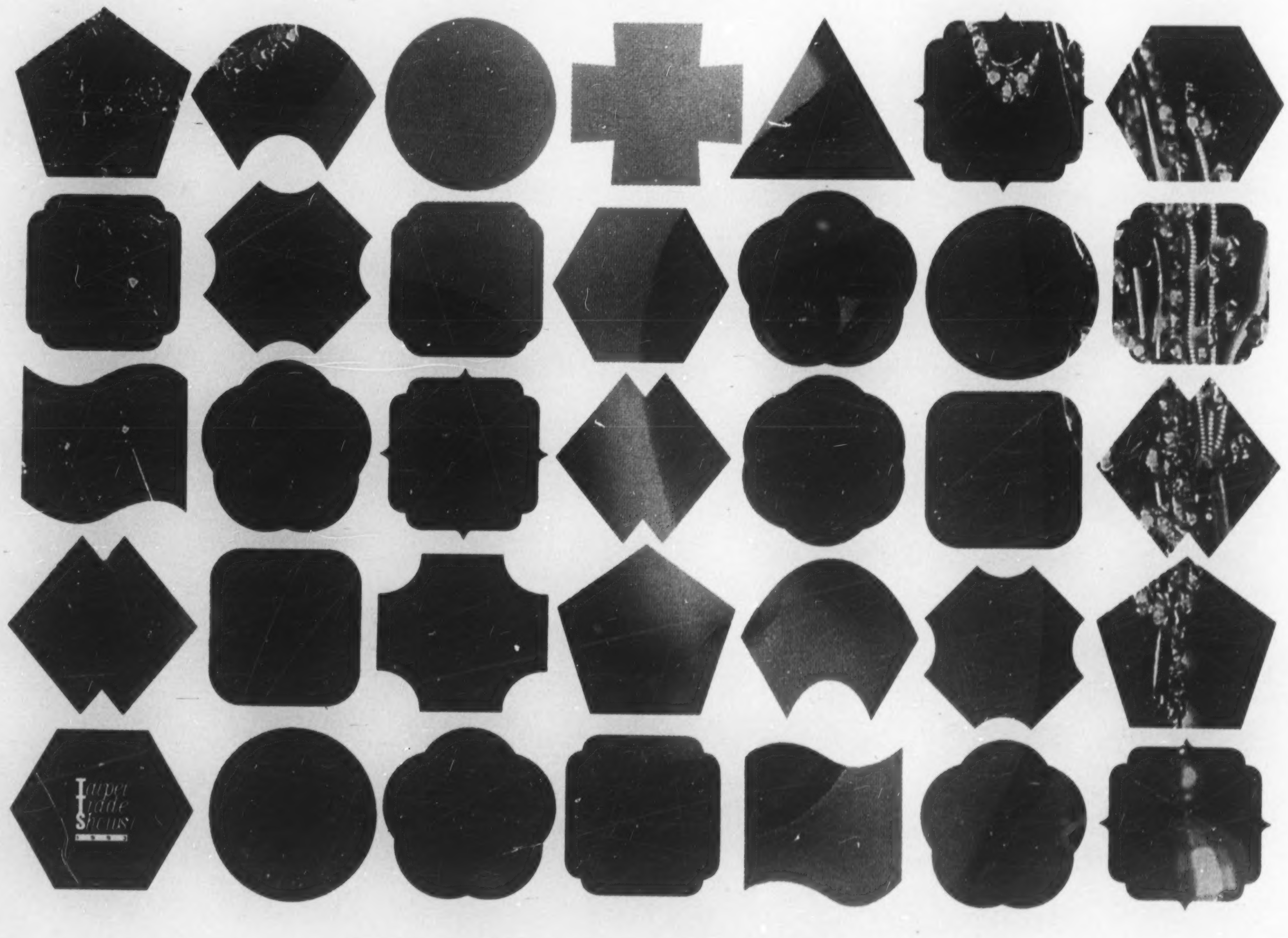
The low mention rate persisted at the three major discount chains. Target shoppers were the most enthusiastic about the toy brands, with nearly four in 10 naming Mattel as a brand to look for, and a quarter naming Fisher-Price.

Colgate, Crest Lead H&BC List

(Continued from page 49)

The overall standings, with few exceptions, are similar to the rankings at Wal-Mart, Kmart and Target. The major differences are Dove, No. 7 overall and at Wal-Mart, tied for fifth at Kmart, but No. 3 at Target. White Rain is eighth overall, tied for that spot at Wal-Mart, and tied for seventh at Kmart, but last at Target.

Six of the Top 10 brands were mentioned by store managers as top performers, with the two toothpastes as Nos. 3 and 1 on their list. But store managers didn't cite Gillette, No. 3 among consumers, as well as Mennen, Dove and Right Guard, while mentioning Listerine, Clairol, Proctor & Gamble and Aqua Net.



TAIPEI

International Trade Shows 1993

A Celebration of Excellence – Showcase of Taiwan Products	Jan. 12-17
ELEC (Int'l Electronics & Electrical Show)	Feb. 20-24
Gift & Stationery Spring Show	Mar. 1-4
Furniture Show	Mar. 9-12
Construction Show	Mar. 17-21
TIMTOS '93 (Int'l Machine Tool Show)	Mar. 27-Apr. 1
Flower Show	Apr. 10-14
Leather Goods Show	Apr. 20-23
Sporting Goods Show	Apr. 20-23
Cycle Show	Apr. 28-May 1
Auto & Motorcycle Parts & Accessories Show	May 6-9
TIDEX '93 (Int'l Design Exhibition)	May 23-26
COMPUTEX Taipei (Int'l Computer Show)	June 1-5
Computer Applications Show	Aug. 7-11
Aerospace Technology Exhibition	Aug. 19-22
World Fishing Exhibition Taipei '93	Aug. 30-Sept. 3
PACK (Int'l Packaging Machinery & Materials Show)	Sept. 9-13
Jewelry & Timepiece Show	Sept. 17-20
Toy Show	Sept. 26-29
Electronics Show	Oct. 5-10
Woodworking Machinery Show	Oct. 15-19
PLAS (Int'l Plastics & Rubber Industry Show)	Oct. 25-29
Gift & Stationery Autumn Show	Nov. 4-7
Medical Equipment & Pharmaceuticals Show	Nov. 12-14
NEPCON INTERNEPCON-SEMI Taipei '93 (Int'l Nepcon-Semiconductor Exhibition)	Nov. 23-26

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TOP BRANDS: PART II

Brand Switching Very High in Stationery

(Continued from page 47)

for private label stationery, down from 15% a year ago. Conversely, 31% said they look for a stationery label other than those in the Top 10.

Among shoppers at particular discounters, just 3.2% of those people who identified themselves as frequent Kmart shoppers expressed any interest at all in private label or store brand stationery products.

Overall, Mead was the No. 1 stationery brand among consumers, the same ranking it achieved in *DSN's* companion survey of store managers' best performing brands. Last year's No. 1, Bic, fell to the No. 3 spot behind Hallmark—not sold by discounters—which moved up from fourth to second with a response rate that tripled. Consumers named Bic as a brand they seek out only half as often this year as they did in 1991.

Target shoppers were most enthusiastic about Mead. One-third said Mead is a brand they look for, followed by Bic. Hallmark and American Greetings tied for third; Scotch/3M and Parker tied for fifth.

Hallmark was third among frequent Wal-Mart shoppers, behind Mead and Bic, followed by a tie for fourth by Papermate, American Greetings, Scotch/3M and Sangamon.

For Kmart shoppers, Hallmark is second to Mead and Bic third.

An interesting result: Schaeffer/Eaton, long since separated from one another, was part of a six-way tie for ninth, due to a good percentage of responses from Kmart and Target shoppers.

American Greetings No. 2 in Cards

(Continued from page 47)

Despite all this, discount store shoppers do buy greeting cards. Since they can't find Hallmark, they buy whatever their discounter offers.

More than two-thirds (67%) of survey respondents said they would switch brands if they couldn't find the one they were looking for, up five percentage points from 1991. Last year, 62% said they would switch brands.

This year, consumers named six greeting card labels as brands they look for. Gibson, No. 6 last year, dropped off the list completely, Forget-Me-Not, an American Greetings line, moved onto the list, mentioned often enough to put it in the No. 5 spot, and Sangamon, No. 3 last year, fell to the No. 6 spot, due mostly to responses by people who called themselves frequent Wal-Mart shoppers.

Once again, American Greetings was the No. 2 choice for greeting cards, with its strongest showing at Target, where 20% of shoppers said they look for the brand, vs. 16% for Kmart shoppers and 19% for Wal-Mart shoppers.

ShoeBox Greetings, a Hallmark line, was third, followed by Ambassador, Forget-Me-Not and Sangamon.

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Price Club Opens Membership in Select Markets

(Continued from page 1)

qualifications or a short period of time."

Price Club's membership is usually restricted to business managers or owners; city, state and federal government employees; bank, savings and loan, airline or hospital employees; retirees and credit union members.

The mass mailing has had the desired effect, said Sherman Ryan, warehouse manager, Albuquerque Price Club. But he wouldn't release the number of new members obtained through the special offer.

Although Konecky said the mailing has been used in other markets for the past year, she wouldn't identify which ones. She said that the brochures were sent out to a specific marketing target, although she wouldn't elaborate. She also wouldn't release the reasons for the special promotion.

But Marcus Detlor, marketing manager for Pace Membership Warehouse in Albuquerque, has a good idea. Pace opened its 110,000-sq.-ft. Albuquerque store in May, taking away Price Club's eight-year monopoly, Detlor said.

"We've eroded their membership base," Detlor said. "By loosening up their membership policy, they're matching our existing policies."

In 1991, the 132,000-sq.-ft. Price Club in Albuquerque had sales of more than $100 million and more than 50,000 members in New Mexico. Detlor said he believes Pace has since lured away some of those members.

Detlor said he believes Price Club's membership applications went out to people in the two stores' five mile overlap area—namely the upper-middle class Northeast side of town.

Price Club has been taking measures to compete against its fast-growing rivals for a number of years. Following a nationwide trend, Price expanded its Albuquerque club, adding a bakery, a large fresh meat department and increased produce offerings. The club plans to further expand its meat department within the next year, said an employee. The new Pace opened with fresh meat, baked goods and fresh produce.

Among the additions Price Club has made over the past few years to many of its stores are computer technology centers, optical centers, and photo processing, Konecky said. The club also began scanning at the checkout.

Price Club is also offering special services in some cities as competition grows.

In markets like Denver, Phoenix, Los Angeles and San Diego, shoppers who purchase office supplies can now have them delivered. For orders under $250, the charge is $20. There is no delivery charge for orders above $250. Konecky said this service has been available for about two years.

Some observers believe this new service is in response to competition from stores like Office Depot and BizMart.

Retail analysts say what is happening at Price Club will become more commonplace with the entire industry. Chains that were once regional chains are spreading geographically and offering "dominant" chains a major threat, said Sandra Shaber, a retail analyst with the WEFA Group.

"They're constantly having to look over their shoulder to see who is gaining on them," Shaber said.

In the past, Price Club may have been complacent because it felt its operation was so superior to its competitors, said Chris Vroom, a retail analyst with Alex, Brown & Sons.

Because of increased competition, Vroom said many stores aren't generating the capacity they could be. While the average store generates $55 million in sales, their maximum potential is $250 million.

"While I couldn't expect every unit in the country to get up to that level, there is room for higher unit sales volume," Vroom said.

One way for Price Co. to achieve that, Vroom said, is to expand its market base, moving away from its emphasis on the business customer. In Albuquerque, 60% of Price Club's business has come from the business sector.

"Price's efforts to relax memberships seem to be an effort to become more retail oriented," Vroom said.

NHMA Takes a Technology Tack

(Continued on from page 7)

and the other association boards are expected to do likewise, Conley said.

John Avampato, manager, business systems for Newell Co., and chairman, NHMA Technology Task Force, said the trade association alliance is designed to help different industries know what each is doing in the technology arena, develop consistent standards, connect with retailers and "let them know what are our concerns and advance the growth of EDI and other technologies."

He said one example of concern is the development of shipping container standards. Manufacturers and retailers wanted the carton label to include different information. One label format was finally devised after discussions between suppliers and retailers.

NHMA's technology endeavors in 1993 include a seminar at the January Housewares Show to detail what companies should be doing to support EDI. The speakers at the seminar, to be held Jan. 11, will be Dave Hough of Advantis, the voice and data network joint venture that Sears and IBM set up in August, and Lance Daily of the Sears Merchandising Group.

NHMA plans to hold technology workshops on an annual basis, with the next one planned for spring '93.

The association is cosponsoring a Value-Added Network (VAN) Services survey. Based on the findings, NHMA could try and arrange for members to purchase service on one VAN that would result in lower costs for the connection service to retailers.

The association's drive to educate members on EDI and other technologies was brought home by Paul Singer, Target's vice president, marketing operations, who delivered the keynote address.

He said EDI provides manufacturers with a host of benefits. He cited increasing sales and profits, developing closer ties to retailers and consumers and learning what is actually selling in the marketplace, and consolidation of a plant's workload through better production planning and ordering of raw materials.

Implementing technologies like EDI leads to developing partnerships with customers (retailers) and suppliers and a focus on long-term business strategies, rather than short-term tactics.

"Time is of the essence to take advantage of technology," he said, adding that technology will help great companies get even stronger, aid average companies to become great and give troubled companies an assist in avoiding further problems and even bankruptcy.

Most companies are average, he said, "and they can become great through technology or else they will go out of business."

Exclusively H&BA Highlights Quest for Fountain of Youth

(Continued from page 7)

A secondary trend evident at Exclusively H&BA was bath products.

Aromatic gels and beads, bubble baths and bath accessories like sponges and brushes are becoming an important business at discount stores. Target and Kmart carry an extensive line of Sarah Michael products and accessories.

Brenda Wagner, national sales manager, Sinclair & Valentine, noted that its Aromatherapaes line of products (including a Stress Reducing Spa Bath) is currently featured at Fred Meyer, Venture and F&M.

Trends notwithstanding, the single most talked about product at the show was Surprise Shampoo, a shampoo for kids aged 5 to 13. Produced by Abundance Hair Care, Surprise delivers what its name implies. Each bottle of shampoo comes with a small prize. While the majority of bottles will have small plastic cars and tiny action figures as the surprise toy, one in every 250 bottles will feature a genuine 18 karat gold bar. According to David Agami, creator of Surprise, it is a concept both kids and parents could love.

Catalog Showroom's New Flagship Pumps Up Service

(Continued from page 5)

dogs and other goodies.

- A dedicated person has been hired to serve as a gift consultant. Service Merchandise has been successful with its gift registry program in other stores and has designated space in the new unit where customers can speak to a store employee. "Our stores in the Detroit area do especially well with the gift registry program, so they will probably be among the roughly 72 stores that will feature a gift registry area," Winnett said.
- Wrapping and shipping services are being offered to customers. "This is something our customers have been telling us they wanted for a long time," said Zimmerman. According to Winnett, a wrapping desk was tested years ago, but proved unsuccessful. This time, the paper selection was limited to about four different patterns, an easier format for stores to manage. The wrapping and shipping service complements the gift registry.
- Sporting goods services have been added. Shoppers can have holes drilled in their bowling ball and their tennis rackets re-strung at the new store. Hunters and fishermen can apply for hunting and fishing licenses. According to Winnett, sporting goods was one area that benefitted from increased floor space in the new store.
- Silent Sam, its electronic in-store ordering system, now allows customers not only to order merchandise, but to pull through their credit cards by themselves. There are six computers throughout the store. According to Winnett, the credit card application to Silent Sam has been tested in a handful of other Service Merchandise units. New in this flagship is a service button located next to the computers. When pressed, a prerecorded voice calls an employee to the area.
- A dedicated product demonstration area has been made part of the housewares department. "This is something I've pushed for since I got here in 1980," Winnett noted.

Zimmerman said that Service has weathered the recessionary storms well.

"I thought that people would be trading way down, but we're holding our own," he said. Zimmerman said the company learned its lessons in the early '80s. "We began bringing in different merchandise at lower prices, but we found it took us a while to get back our original customer. We do well when we tend to our own knitting."

For the first half of 1992, sales increased 6.7% to $1.4 billion. Comparable store sales for the period were up 2.6%.

For the same period, the company reported a net loss of $3.5 million, down from $7.8 million for the time frame a year earlier.

Service Merchandise currently has 364 stores in 36 states. It also operates a Kids Central USA, a children's store in Pharr, Texas, with a second due to open in Franklin, Tenn., in November.

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Sears' Retail Future Still Uncertain

(Continued from page 1)

as a move to bring in "new blood" by retail analysts and trade observers (see *DSN*, Sept. 21, page 4). Martinez, at that time, said he would need at least three or four months to study the retailer and develop plans to improve its operation.

Trade observers wondered why investors, suppliers and consumers should believe that Sears' core merchandising business could be any more successful than the current diversified corporation.

The company's attitude is that it's too early to discuss the divestiture effect on plans for its retailing business but in corporate chairman and ceo Edward A. Brennan's words, "we will be working hard to build on [the] base" embarked in the new marketing and merchandising programs of the last two years. These efforts include cutting 48,000 jobs, reducing annual costs by about $1 billion, streamlining the retail management structure, rolling out power formats and introducing a "pure selling environment" to improve customer service.

The divesture entails:

- Selling in a public or private transaction the Coldwell Banker Residential Service business, with an offering memorandum issued in the fourth quarter. The Homart Development Co., which builds and owns shopping centers, will be retained.
- Selling through an IPO in the first quarter of 1993 up to a 20% minority interest in the Dean Witter Financial Service Group. The remaining interest in the group, which consists of the Dean Witter Reynolds security firm and Discover Card, will be given to Sears stockholders in a tax-free spinoff later in the year.
- Selling up to a 20% stake in the Allstate Insurance Group in the next year, with Sears retaining the remaining share.

Sears didn't detail how much each step would produce, but noted that much of the $3 billion debt to be retired had come from financing the growth of the financial services business.

Sears' complicated balance sheet for 1991 included $6.7 billion in unallocated debt at the corporate level and about $11.5 billion of Merchandising Group debt. A major portion of the Merchandising Group's debt is for the profitable Sears charge card, a credit card business that is apart from the the Dean Witter Group's Discover Card.

While the planned divestiture at first was welcomed by shareholders and analysts, subsequent reaction was more muted. The general tenure was that until the deals were made, there wasn't any firm way to know how shareholders would make out.

On the merchandising front, the divestitures weren't expected to generate enough funds to make a major impact on business as little of the $3 billion-plus is seen as going for capital spending to either modernize stores or speed up the unit openings. Sears this year allocated $515 million for capital spending, while Wal-Mart planned to spend $2.8 billion and Kmart about $1.4 billion.

After the divestments, the Merchandising Group and Allstate will have to be the backbone for the scaled back company's growth, service corporate debt and provide the dividends for Sears shareholders. A growing number of shareholders have been pressing Sears to split up the company into separate merchandising and financial service corporations. Sears acknowledged that its move was in response to this pressure.

Brennan said that "our board periodically reviews the structure of Sears to ensure that we are enhancing shareholder value. Our action is a result of intensive study and will permit our shareholders to participate more directly in our financial services achievements, improve shareholder values and strengthen our balance sheet."

The decision closed a chapter in Sears' long history that goes back to the late '70s when a company planning and study team determined that its retailing future was limited and Sears had to revamp itself into a broad service business, offering consumers financial and investment services.

Caldor Launches Store for the '90s

(Continued from page 1)

rather than just the addition of raw space, is up 40% to 50%, he said, and the main beneficiaries of the bigger prototype are soft lines, with a greatly expanded domestics department and larger apparel sections.

Sight & Sound also has been expanded, and some areas, like toys, have seen slight growth.

The prototype has wider aisles, both throughout the racetrack and in key departments, particularly domestics and housewares which anchor the right and left-hand corners of the store, respectively.

Other features include a free merry-go-round at the entrance, flexible fixturing, upgraded apparel presentations, neon signage, a Disney wall in video (the first of its kind), dedicated staff in Sight & Sound, and an interactive trim-a-tree display.

While the company has upgraded its merchandise somewhat in several departments, the Bristol store features what is, on the whole, the typical Caldor mix. But the impression is far different; in children's, for instance, laying out denims on tables creates a different shopping ambiance.

Caldor hopes the prototype, which will be used in all new construction and retrofitted on an opportunistic basis, will continue the chain's recent success, which is expected to boost Caldor to the $2 billion mark by year-end. Caldor reported sales increases of nearly 11% for September, with a comp store increase of 8.2%, very impressive in the recession-wracked Northeast.

The September performance (bolstered by a late Labor Day weekend and a "very strong" Back-to-School) followed a strong second quarter, in which sales rose 12.6%, comparable store sales soared 7.6%, and net profits doubled to $4.9 million.

Balmuth added that Caldor will expand aggressively in the coming year, particularly in urban markets from Delaware north. The new store opened simultaneously with seven newly-remodeled stores in Connecticut, Massachusetts and Maryland. The 129-store chain should be closer to 150 by mid-1993, with most of the growth expected to come from relatively new markets, like metro New York, Long Island, Delaware, Maryland and Pennsylvania.

Balmuth said that he isn't worried about overstoring or the invasion by Wal-Mart.

"The discount industry is growing, and taking share away from other types of retailers," he said. "There's room for everyone."

Caldor will attempt to clearly differentiate itself from Wal-Mart. He added, "We're positioning ourselves as an upscale discounter, and we're trying to move away from basic, commodity businesses, and into the sort of businesses that have change built in. We can react quickly to fashion businesses, and that's why we're accentuating soft lines."

37 Brands Earn 'Power' Ranking

(Continued from page 1)

the top-performing brands in each merchandise category. A Power Brand has to have an index of 110 or higher in both the retailer and consumer study, where 100 is the average acceptance among the Top 10 brands by retailers and consumers.

Power Brands, ranked in order of their combined index, were led again this year by Cannon, with Kodak following right behind. Five of the new Power Brands enter the list based on new categories: Coke (third overall) and Pepsi (sixth) from Beverages; Maxell (37th) from Blank Videocassettes; and Canon (15th) and Minolta (25th) because Film was separated from Photo, Camera this year.

Despite grabbing the No. 1 Power Brands spot again this year, Cannon's PBI (Power Brand Index) dropped in 1992 (from 594 to 553) due to more competition from other brands. Kodak's PBI declined also (from 548 to 484) due to stronger competition in the Film category compared to last year's combined Photo/Camera/Film grouping. Black & Decker (No. 5) drew closer to Stanley (No. 4) due to more mentions among consumers. Mead (No. 8) and Bic (No. 23) saw shrinkage of their PBIs, as Mead received less recognition from retailers and Bic's consumer response rate fell off. Corning/Corelle's (No. 9) PBI dropped 73 points, mostly due to fewer consumer mentions. Wilson (No. 14), propelled by more retailer comments, was the biggest upward mover, and Hershey's (No. 26) also gained recognition with more mentions by consumer and retailers.

As an example of how the Power Brands Index is computed, note Stanley's PBI of 330. Among the Top 10 brands mentioned by retailers for Hardware, the average (mean) percent of retailers mentioning a Top 10 brand was 22.8%. Stanley was mentioned by 74.4%, or more than three times the average, for an index of 327. Among the 10 most preferred consumer brands in hardware, the average (mean) was 6.7%. Stanley, with a consumer preference of 22.3%, had a consumer index of 333. Stanley's PBI is the average of its retailer and consumer index.

A group of brands just missed the cutoff of 110 PBI to make the Power Brands list. These brands' exceed the 110 index with retailers or with consumers, but not with both. In other words, these "Near" Power Brands have a weakness either among retailers, who don't think the brand performs as well as its rivals, or among consumers, who don't prefer it as much as other brands. Some "Near" Power Brands include: American Greetings (weakness with consumer), Coleman (weakness with consumer), Colgate (weakness with retailer), Memorex (weakness with retailer) and Norelco (weakness with retailer).

Power Brands of Discount Retailing

Brand	Index[1]	Brand	Index[1]
Cannon	553	Revlon	211
Kodak[2]	484	Fisher-Price	210
Coke	361	Pennzoil	207
Stanley	330	Cover Girl	204
Black & Decker	320	Bic	198
Pepsi	319	Spalding	187
Rubbermaid	314	Minolta	176
Mead	308	Hershey's	167
Corning/Corelle/ Visions	306	Libbey	166
Tide	281	Fruit of the Loom	166
Maybelline	262	Crest	157
Conair	253	Vidal Sassoon	146
Mattel	246	Fram	135
Wilson	230	Lee[4]	131
Canon	218	M&M's	125
Gitano	217	Valvoline	122
Sony[3]	215	Clairol	121
Hanes[4]	213	Quaker State	120
		Maxell	116

[1] Index: 100 equals the average acceptance among the Top 10 brands by retailers and consumers.

[2] Kodak is a power brand in three categories: Film, Photo/Camera and Blank Videocassettes.

[3] Sony is a power brand in two categories: Consumer Electronics and Blank Videocassettes.

[4] Hanes and Lee are each power brands in two categories: Men's and Women's Apparel.

Source: DSN/Leo J. Shapiro & Assoc.

Learning Lessons From Kids Central

(Continued from page 5)

dren: nursing chairs for mothers, juvenile furniture, even baby food. "I told my buyers to buy everything made," said Zimmerman, adding that "if we don't have it, you don't need it."

Kids Central is being run separately from Service Merchandise and currently has 15 employees on staff. Among the things that are working in the new format is Grandma's Corner, an area featuring baby jewelry and other gift items. "It's amazing how well children's jewelry does," said Zimmerman.

Kids Central is also utilizing a gift registry service, a concept that has been extremely successful at Service Merchandise stores.

The apparel selection at Kids Central includes a wide range of brands, including upper-end labels like Baby Guess and Baby Dior. Zimmerman expects a filtering out of certain brands from all product categories as shoppers vote by purchase. Ultimately, he expects a smaller store for the concept when the company does open its third unit.

"We're excited about it, but we don't want to roll out stores before we can really handle the growth," Zimmerman said.